



**FLORIDA
INTERNATIONAL
UNIVERSITY**

Office of Internal Audit

**Audit of Affiliation and
Other Healthcare Related Agreements**

Report No. 14/15-05

December 8, 2014



OFFICE OF INTERNAL AUDIT

Date: December 8, 2014

To: John Rock, Dean, Herbert Wertheim College of Medicine and
Senior Vice President for Health Affairs
Ora Strickland, Dean, Nicole Wertheim College of Nursing and Health Sciences
Mark Williams, Acting Dean, Robert Stempel College of Public Health & Social
Work

From: Allen Vann, Audit Director

A handwritten signature in blue ink, appearing to read "Allen Vann", is written over the printed name.

**Subject: Audit of Affiliation and Other Healthcare Related Agreements
Report No. 14/15-05**

Pursuant to our approved annual plan, we have completed an audit of the University's affiliation and other healthcare related agreements. Our audit included review of affiliation and other healthcare related agreements of the: 1) Herbert Wertheim College of Medicine; 2) Nicole Wertheim College of Nursing and Health Sciences; and 3) Robert Stempel College of Public Health and Social Work. Through the 1,244 agreements managed by the three colleges, students receive education, training, and clinical experience.

Overall, our audit disclosed that controls related to the execution and monitoring of agreements were satisfactory. However, there were areas where internal controls need strengthening, specifically with the contract renewal and payments, contract monitoring, and documenting procedures. The audit resulted in six recommendations, which management agreed to implement.

We would like to take this opportunity to express our appreciation for the cooperation and courtesies extended to us during this audit.

C: Sukrit Agrawal, Chair, BOT Finance and Audit Committee and Committee Members
Mark B. Rosenberg, University President
Kenneth G. Furton, Provost and Executive Vice President
Kristina Raattama, General Counsel
Javier I. Marques, Chief of Staff, Office of the President
Barbara Manzano, Assistant Vice Provost, University Planning and Finance
Jody Lehman, Chief Legal Officer for Health Affairs

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OBJECTIVES, SCOPE AND METHODOLOGY

Pursuant to our approved annual plan, we have completed an audit of the University's affiliation and other healthcare related agreements. The primary objective of our audit was to determine if the agreements were:

- properly reviewed and executed;
- in compliance with University policies and procedures and applicable laws, rules and regulations; and
- monitored to ensure that services were performed in accordance with contract terms and conditions. In addition, we determined if fees for services, if applicable, were properly collected or paid per contract terms.

Our audit included review of affiliation and other healthcare related agreements of the:

- 1) Herbert Wertheim College of Medicine;
- 2) Nicole Wertheim College of Nursing and Health Sciences; and
- 3) Robert Stempel College of Public Health and Social Work.

The audit period was fiscal year 2013-2014. During the audit, we reviewed University policies and procedures, applicable laws, rules and regulations, evaluated contracts and related documentation, observed current practices and processing techniques, interviewed department staff and tested selected invoices. We focused our review primarily on contracts with a financial impact, although other agreements without financial terms were also reviewed. Sample sizes for items selected for testing were determined on a judgmental basis. Audit fieldwork was conducted from June 2014 to September 2014.

The audit was conducted in accordance with the *International Standards for the Professional Practice of Internal Auditing* and included tests of the accounting records and such other auditing procedures as we considered necessary under the circumstances.

As this was the first internal audit of the University's affiliation and other healthcare related agreements, there were no prior audit recommendations related to the scope and objectives of this audit requiring follow-up. Similarly, there were no other external audit reports issued during the last three years with any applicable prior recommendations related to the scope and objectives of this audit.

BACKGROUND

An affiliation agreement is a contract between the University and an institution where the University sends students to receive education, training, or clinical experience that is required as part of their course objective or academic degree. In addition, other healthcare related agreements including operating, physician staffing and faculty support agreements are entered into that creates opportunities for students to work with health experts during their practicums, internships, field experience or rotations.

The Herbert Wertheim College of Medicine (HWCOM), the Nicole Wertheim College of Nursing and Health Sciences (NWCNHS) and the Robert Stempel College of Public Health and Social Work (RSCPHSW) at Florida International University are part of an emerging Academic Health Center that is preparing students to meet 21st century challenges associated with the health needs of the community.



Each College enters into these types of agreements to provide students the clinical experience necessary to prepare them for their future health careers and has their own independent and distinctive processes to pursue institutions to collaborate with and to manage and monitor their agreements.

At the end of fiscal year 2014, 1,244 affiliation and other healthcare related agreements had been executed amongst the three Colleges.

College	Number of Agreements
Nicole Wertheim College of Nursing and Health Sciences	681
Robert Stempel College of Public Health and Social Work	490
Herbert Wertheim College of Medicine	73
Total	1,244

FINDINGS AND RECOMMENDATIONS

Overall, our audit disclosed that controls related to the execution and monitoring of agreements were satisfactory. However, there were areas where internal controls need strengthening, specifically with the contract renewal and payments, contract monitoring, and documenting procedures.

Our overall evaluation of internal controls is summarized in the table below.

INTERNAL CONTROLS RATING			
CRITERIA	SATISFACTORY	FAIR	INADEQUATE
Process Controls		X	
Policy & Procedures Compliance	X		
Effect	X		
Information Risk	X		
External Risk	X		
INTERNAL CONTROLS LEGEND			
CRITERIA	SATISFACTORY	FAIR	INADEQUATE
Process Controls	Effective	Opportunities exist to improve effectiveness	Do not exist or are not reliable
Policy & Procedures Compliance	Non-compliance issues are minor	Non-compliance Issues may be systemic	Non-compliance issues are pervasive, significant, or have severe consequences
Effect	Not likely to impact operations or program outcomes	Impact on outcomes contained	Negative impact on outcomes
Information Risk	Information systems are reliable	Data systems are mostly accurate but can be improved	Systems produce incomplete or inaccurate data which may cause inappropriate financial and operational decisions
External Risk	None or low	Medium	High

We selected 15 agreements from a list provided by each College. The agreements varied by the entity, services provided, renewal options and financial terms, which ranged in value from zero to over a million dollars. Appendix A contains an overview of the agreements reviewed.

The areas of necessary improvement identified in our audit are detailed below.

1. Contract Renewal and Payments

As required by the University's Contract Review Policy No. 150.105, contracts must be reviewed by the Office of the General Counsel (OGC) for legal sufficiency and only individuals with an official delegation of signature authority by the University President may execute contracts on behalf of the University. Accordingly, the Associate Vice President of Academic Affairs has signature authority for the contracts entered into by NWCNHS and RSCPHSW, while the Senior Vice President for Health Affairs signs contracts for HWCOM.

We tested to ensure that the agreements were active, reviewed by the Office of the General Counsel (OGC) and signed by the appropriate personnel at the University and the entity. Our test disclosed that all 15 agreements were reviewed by OGC and had the required signatures for proper execution. However, we noted that the contract term for two of the agreements had expired, thus they were technically inactive. Services, however, were still being provided in accordance with the terms and conditions set forth in the original contract.

Upon further evaluation of the agreements, both had financial implications in which the University was responsible for paying the entities for the services provided, but payments were often delayed primarily as a result of not having an active, fully executed contract. More detail is noted below.

- One of the agreements was between the Herbert Wertheim College of Medicine (HWCOM) and Cleveland Clinic Hospital (Cleveland Clinic) for neurology clinical clerkships. The agreement with Cleveland Clinic expired on June 30, 2013, but students still performed neurology rotations during our audit period of FY 2013-14 and HWCOM continued to receive invoices for services without an active agreement. According to the Chief Legal Officer of Health Affairs, HWCOM was actively negotiating a new contract during this time although it was not executed until October 1, 2014. Our review disclosed that 13 out of 19 invoices (68%) were paid from 42 to 263 days after the invoice date. Per discussion with the HWCOM Director of Finance, the payments were delayed because of the lack of a fully executed contract and the invoices had to be approved by the HWCOM's Office of Medical Education (OME) before they can be paid. The OME is responsible for overseeing medical students at Cleveland Clinic.
- The second agreement was between the Nicole Wertheim College of Nursing and Health Sciences (NWCNHS) and Miami Children's Hospital (MCH) for an

MHC employee to provide pediatric nursing teaching services at the University and supervise student clinical education at the hospital. The original agreement was entered into in August 2007 and expired in August 2012. Despite the contract's expiration, the employee still provided the services per the agreement. We requested invoices and payments made to MCH during our audit period, but was informed by the NWCNHS Assistant Dean of Budget and Finance that payments were held pending the execution of a renewed and fully executed contract. The University owed \$77,634 for services provided since the contract's expiration. According to management, NWCNHS was actively negotiating a new contract during this time although it took nearly two years for the contract to be renewed. A new contract was executed on June 11, 2014 and the University paid the outstanding amount per the new terms of the agreement.

The University's Board of Trustees Regulation FIU-2202, *Prompt Payment* states, "It is the policy of the University that documentation authorizing payment of an invoice shall be approved for payment not later than forty (40) days after receipt of a proper invoice and receipt, inspection, and approval of the commodities or services...if payment is not issued within forty days...the University will pay to the contractor, in addition to the amount of the invoice, an interest penalty. . ." To avoid late payments and unnecessary fees controls over contract renewal and payments need to be strengthened.

Recommendations

The Herbert Wertheim College of Medicine should:	
1.1	Consult with the Office of General Counsel on how payments should be processed, particularly in cases in which the contract term has expired, but services are still being rendered.
1.2	Ensure that the Office of Medical Education approve invoices in a timely manner.

The Nicole Wertheim College of Nursing and Health Sciences should:	
1.3	Consult with the Office of General Counsel to determine if payments could be processed, particularly in cases in which the contract term has expired, but services are still being rendered.

Management Response/Action Plan:

The Herbert Wertheim College of Medicine:

- 1.1 The HWCOT Finance Department and the Office of the Chief Legal Office for Health Affairs within the Office of the General Counsel routinely work together to develop solutions to contract issues as they arise. Internal audit identified a single agreement wherein amounts owed were disputed. The HWCOT Finance Department will continue to consult with the Office of General Counsel to obtain legal advice, as appropriate, regarding making payment to vendors.

Implementation date: Immediately

- 1.2 The HWCOT Finance Department has documented procedures to review and approve invoices and that procedure was actively utilized in the one agreement in which there was a dispute. HWCOT Finance will continue to use its procedures and timely approve invoices.

Implementation date: Immediately

The Nicole Wertheim College of Nursing and Health Sciences:

- 1.3 The Nicole Wertheim College of Nursing and Health Sciences (NWCNHS) will consult with the Office of the General Counsel as recommended effective immediately. The delay was mainly due to MCH's request to review the contract language as well as a request from MCH for an editable MS Word version of FIU's agreement terms and conditions. During the period in which the contract term between NWCNHS and MCH was expired, the College made multiple attempts to expedite the process by calling and reminding MCH of the expired status of the agreement, email reminders were sent and the NWCNHS Dean met with MCH's Chief Nursing Officer and discussed the matter as well. Additionally, NWCNHS coordinated with University Contract Administration team members and the Controller's Office to explore what if any options were available to process payment for services rendered by MCH during the expired period of the contract. The College was not authorized to process any payments until the new agreement was fully executed.

Implementation date: Immediately

2. Contract Monitoring

Monitoring of agreements are often performed by department chairs, directors or practicum coordinators over the specific programs in which the agreement pertains to. It includes reviewing evaluations, on-site visits, obtaining time logs, signed faculty assignments, and if applicable, ensuring timely billing or receipt of invoices and payments associated with services provided. For the 15 agreements selected, we evaluated whether they were effectively monitored for compliance with contract terms and conditions. We noted that all were being monitored with the exception of one agreement between the Nicole Wertheim College of Nursing and Health Sciences (NWCNHS) and United Homecare Services (UHS).

NWCNHS entered into a contract with UHS for the period of July 15, 2011 through May 15, 2014. Per the agreement, UHS agreed to pay 40% of the salary and benefits for two nursing faculty members who would supervise students conducting clinical rotations at their facility. We requested invoices submitted to UHS and evidence of payments received during our audit period. According to management, this agreement was entered into by a former Interim Dean and the appropriate personnel within the College were not made aware of the negotiations or subsequent changes to the agreement. Thus, no invoices had been submitted or payments were received during the entire contract term.

Once NWCNHS became aware of the agreement, they realized that only one faculty member provided services at UHS and as such, an invoice for \$95,802 was sent to UHS on June 30, 2014 for requesting payment. However, we noted that there was no documentation to show when the faculty member actually provided the services. Upon our further inquiry and discussion with the faculty member, we found that she did not perform related duties as specified in the agreement, as there were no students conducting clinical rotations at UHS during that time. However, she did work for UHS's Quality Department from March 2012 to December 2013.

After our discussion with the Assistant Dean of Budget and Finance, he contacted the employee to obtain support for the actual hours she worked there. He also discussed this issue with the Associate Dean of Administrative Affairs and she stated that the employee did not see students while at UHS, but had the ability to supervise them had the circumstance arisen.

We believe that NWCNHS neglected to effectively monitor this agreement. In addition, UHS's obligation for payment of the invoice submitted is now questionable and no payment had been received from them by the end of our fieldwork.

Recommendations

The Nicole Wertheim College of Nursing and Health Sciences should:	
2.1	Develop a better communications process to ensure that the appropriate employees are informed of agreements, especially those where there is a financial impact. Additionally, roles and responsibilities for contract monitoring should be defined.
2.2	Consult with the Office of General Counsel regarding the collection of outstanding receivables and the agreement with United Homecare Services.

Management Response/Action Plan:

2.1 This instance whereby an agreement with financial implications was submitted to the University for approval without a review by the NWCNHS Assistant Dean of Budget and Finance was an exception and not the norm. The current NWCNHS Dean has clearly expressed in meetings and presentations that no agreement with financial implications can be submitted without the Assistant Dean of Budget and Finance's review and approval. The College has also posted on its website the University policy regarding Signature Authorization Delegation in which no individual in the College is authorized to sign for contracts for the purchase of goods and/or services and the aforementioned has also been presented at Chair and Directors meetings as well as Staff meetings. The Assistant Dean of Budget and Finance maintains a file with contract details that includes renegotiation begin dates. The aforementioned dates are front loaded four months before a contract expires to mitigate the risk of having a contract expire with no new fully executed agreement in place, if the services are still needed past the contract expiration date. College employees will also be notified via the monthly budget cover letter communication, the College's website and via College wide emails of the proper protocols, roles and responsibilities regarding contracts. Currently, all contracts with financial implications must be reviewed and approved by the Dean, Associate Dean of Administration and the Assistant Dean of Budget and Finance.

Implementation date: Immediately

2.2 The Nicole Wertheim College of Nursing and Health Sciences has been consulting with the Office of the General Counsel as recommended. The College will continue coordinating with the Office of General Counsel regarding developments related to this matter for guidance and advice until resolved.

Implementation date: January 2015

3. Policy and Procedures

The three Colleges all follow guidance from their respective accreditation authorities in the selection of student placement sites, methods for approving preceptors, approaches for faculty supervision of students and means of evaluating sites and supervisors against program objectives and the intended purpose of the affiliation or other agreement. They utilize databases, excel spreadsheets, SharePoint or other methods to help organize and keep track of contracts that have been entered into for their respective program areas.

We evaluated each College's contract management process and noted that although those closely involved in the process are knowledgeable of the necessary steps to administer agreements, there were no written procedures at the Colleges to document the process of contract management, which includes initiating, monitoring and terminating or renewing the contract. For example, at the RSCPHSW there were many affiliation agreements with entities where the contract terms are automatically renewed without an expiration date; however, students have not been placed at the entity in a long period of time (i.e. over five years). We believe that old contracts should be reevaluated periodically to determine whether the terms and conditions are still aligned with the course objectives and degree requirements, as well as comply with current laws, regulations and University policies.

Recommendation

Each College (HWCOM, NWCNHS and RSCPHSW) should:	
3.1	Develop a written procedure to document their process for initiating, monitoring, and terminating or renewing affiliation and other agreements.

Management Response/Action Plan:

The Herbert Wertheim College of Medicine:

3.1 A procedure will be drafted documenting the processes.

Implementation date: January 2015

The Nicole Wertheim College of Nursing and Health Sciences:

3.1 The Nicole Wertheim College of Nursing and Health Sciences will develop written procedures that will clearly stipulate the process for initiating, monitoring, terminating and/or renewing affiliation and/or other agreements. The aforementioned will be communicated via the College's website, email, in-person presentations and on the monthly budget cover letter communication.

Implementation date: Immediately

The Robert Stempel College of Public Health and Social Work:

- 3.1 The offices in the College responsible for coordinating practicum will implement an annual review of affiliation agreements. Agreements which will remain in force will be renewed and the organizations informed by letter. Those agreements which have become inactive since the last review will be terminated, and the organizations informed by letter.

Implementation date: January 2015

Appendix A: Summary of Affiliation and Other Agreements Reviewed

Audit of Affiliation and Other Healthcare Related Agreements FY 2013 - 2014									
									
Type of Agreement	Entity	Financial Terms	Payor	Specialty / Department	Contract Effective Date	Contract End/Renewal Options	Total Contract Value/Compensation	Services Provided	
HERBERT WERTHEIM COLLEGE OF MEDICINE (HWC/M)									
1	Physician Practice Staffing Agreement	Baptist Health South Florida	Yes	Entity	Surgery	6/6/2011	6/6/2014	\$285,000	Clinical rotations for medical students and HWC/M's Associate Professor and Physician devotes 50% of time to provide professional services at the entity.
2	Operating Agreement	Cleveland Clinic Florida	Yes	FIU	Neurology	2/17/2011	6/30/2013	\$45 per half day, per student	Neurology clinical clerkships for third year medical students.
3	Allegation Agreement	Jackson Health System - Public Health Trust of Miami Dade	No	n/a	Vaics	11/1/2007	11/1/2017	n/a	HWC/M faculty members to contract with the entity's attending physicians and members of the medical staff to obtain clinical privileges and provide professional services on behalf of the entity.
4	Operating Agreement	Jackson Health System - Public Health Trust of Miami Dade	Yes	Entity	Surgery, Medicine, Obstetrics/Gynecology, Primary Care	10/1/2011	automatic; renewal until terminated by either party	\$2,730,513	Physician and administrative services at Jackson, North. The entity provides an institutional setting for the education of medical students.
5	Operating Agreement - The Hospitalist Services Addendum	Jackson Health System - Public Health Trust of Miami Dade	Yes	Entity	Primary Care	6/12/2012	7/23/2014	\$1,274,056 - Hospitalist Services \$100,000 - HCN Admin Services (for first year) and 6.5% of collections for hospitalist services	FIU faculty member physicians provide Hospitalist Services (inpatient care) on behalf of Jackson, to a subset of the entity's hospitalist patients, while creating a teaching environment for medical students. FIU's Healthcare Network (HCN) provide medical administrative services including revenue cycle service, billing and collection, managed care credentialing, management of physicians, contracting and dashboard and metrics.
6	Psychiatry/Medical Director Agreement	Miami Children's Hospital (MCH)	Yes	Entity	Psychiatry	9/19/2013	2 years after the hiring of a medical director.	\$305,000	HWC/M provides a full time faculty member to provide psychiatric services to patients on behalf of MCH and serve as the Medical Director of the department.
7	Clinical Education Agreement	Westchester General Hospital (WGH)	Yes	FIU	Internal Medicine, Family Practice, Psychiatry, Surgery, Pediatrics, Obstetrics-Gynecology	7/1/2013 10/1/2013	automatic; renewal until terminated by either party	\$250 per week, per student \$72,000	Clinical case rotations for students registered in the HWC/M's Clinical Clerkship Certificate Program. HWC/M faculty appointed as Administrative Director of Medical Education to provide administrative and educational services to ensure the educational program objectives of the College of Medicine and program objectives are fulfilled within each clinical specialty.
8	Operating Agreement	American University of Naples	Yes	Entity	Internal Medicine, Family Practice, Psychiatry, Surgery, Pediatrics, Obstetrics-Gynecology	10/1/2013	7/31/2019	\$500,000 (upon contract execution, including first year tuition of \$2,951 per student for 25 AUA Medical Students and management fee). Thereafter tuition for each six-week period, per student is: \$2,951 per (06-52) \$2,780 per (53-65) \$2,670 per (66-78) \$2,594 per (79-91) \$2,594 per (92-104) \$2,594 per (105-117) Management Fee - \$105,640.63	Qualified AUA medical students participate in the HWC/M's Clinical Clerkship Certificate Program, in which students participate in core clinical clerkships at Westchester General Hospital.
NICOLE WERTHEIM COLLEGE OF NURSING & HEALTH SCIENCES (NWCHS)									
9	Agreement for Services	Miami Children's Hospital, aka Varsity Children's Hospital	Yes	FIU	Nursing	8/15/2012	11/14/2015	\$147,344	An employee of Miami Children's Hospital teaches two pediatric nursing courses at the University and serves as the supervisor and liaison for student clinicals at the hospital.
10	Agreement for Services	School Board of Miami Dade County	Yes	Entity	Communication Sciences & Disorders	8/1/2013	8/1/2014	\$1,089,408	Speech, language and hearing services are provided by NWCHS students to various schools/facilities within the Miami Dade County School Board system.
11	Allegation Agreement	United Homecare Services	Yes	Entity	Nursing	7/15/2011	5/15/2014	\$347,872	Two non-tenured Advance Practice Nursing faculty members work with and supervise nursing students conducting clinical rotations at United Homecare.
12	Faculty Support Agreement	Miami Beach Anesthesiology Associates	Yes	Entity	Nursing - Anesthesia	1/1/2009	6/30/2010	\$2,901,369	Faculty Certified Registered Nurse Anesthetists (CRNAs) are assigned at MBAA to provide patient treatment and clinical instruction to the students in the Anesthesia Nurse Program (ANP).
13	Faculty Support Agreement	Sheridan Healthcare	Yes	Entity	Nursing - Anesthesia	1/1/2013	12/31/2016	\$505,286	Faculty CRNAs provide clinical instruction at each hospital to the University's ANP students.
ROBERT STEMPEL COLLEGE OF PUBLIC HEALTH & SOCIAL WORK (RSCPHSW)									
14	Allegation Agreement	The Police Nursing Home	No	n/a	Dietetics & Nutrition	3/29/2011	automatic; renewal until terminated by either party	n/a	Clinical experience for students enrolled in the Dietetics and Nutrition program.
15	Allegation Agreement	Healthy Start Coalition of Miami Dade County	No	n/a	Public Health	8/1/2013	automatic; renewal until terminated by either party	n/a	Clinical experience for students enrolled in the Master Program in Public Health.