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June 21, 2018

Ms. Susan Turley, President
Doctors Hospital at Renaissance
5501 S. McColl Rd.
Edinburg, TX 78539

RE: Desk Review of Graduate Medical Education at Doctors Hospital at Renaissance

Dear Ms. Turley,

I am attaching the final report on *A Compliance Desk Review of Graduate Medical Education (GME) at Doctors Hospital at Renaissance*, Report No. THECB-CM-FA-DR-18-013.

This Compliance Monitoring audit report will be presented to the Texas Higher Education Coordinating Board (THECB) Committee on Agency Operations, a standing committee of the THECB Board, in October 2018.

The cooperation of your staff during this review is greatly appreciated. If you have any questions or comments, please let me know.

Sincerely,

A handwritten signature in black ink that reads "Mark A. Poehl".

Mark A. Poehl, CPA, CIA, CISA, CFE
Director, Internal Audit and Compliance

EXECUTIVE SUMMARY

Doctors Hospital at Renaissance (DHR) generally complied with relevant Coordinating Board rules and regulations for the Graduate Medical Education (GME) grant and with Texas Administrative Code (TAC) Chapter 6, Subchapters G, H, and I, in the areas of institution eligibility, resident position eligibility, and allowability of grant expenditures. However, improvement is needed to ensure that all expenditures for the GME program are reconciled to the DHR and the University of Texas Rio Grande Valley (UTRGV) general ledgers and source documents prior to being reported to the Texas Higher Education Coordinating Board.

Our review included tests of relevant eligibility and expenditure data reported and certified by Doctors Hospital at Renaissance for accuracy and completeness in accordance with TAC Chapter 6, Subchapters G, H, and I.

Our desk review focused on the following expenditure data and time period:

- Reported salary expenditures and malpractice insurance expenditures; and
- For FY 2016 through FY 2017.

Our work included procedures to verify:

- Expenditures reported reconcile with official accounting records, and
- Expenditures reported were allowable.

Detailed Observation, Recommendation and Management's Response

1. Reconciliation processes should ensure that grant expenditures are reconciled, between the official accounting records of the grantee and the grant reports the grantee submits to the Coordinating Board.

Reconciliation processes should ensure that grant expenditures are reconciled, between the official accounting records of the grantee and the grant reports submitted to the Coordinating Board. Doctors Hospital at Renaissance (DHR) along with The University of Texas Rio Grande Valley partnered in this award did not prepare reconciliations of reported expenditures to official accounting records, as required by the GME grant. Specifically, the Notice of Grant Award states, "Awarded Applicant shall maintain its records and accounts in a manner which shall assure a full accounting for all funds received and expended by Awarded Applicant in connection with the contract."

Documented reconciliations position DHR to ensure all funds are accurately and completely accounted to satisfy GME grant requirements.

Recommendation:

Ensure DHR procedures, as well as any partner institutions, result in fully reconciled and documented expenditures for the GME grant.

Management Response:

Thank you for the opportunity to review the internal audit report regarding the Desk Review of Graduate Medical Education at Doctors Hospital at Renaissance (DHR). We have discussed your findings with Mr. Michael Patriarca, MBA, Executive Vice Dean, Finance and Administration, School of Medicine at the University of Texas Rio Grande Valley (UTRGV) and we concur with your findings.

DHR has implemented a process for validation and reconciliation of reports provided by UTRGV to the grant reports submitted by DHR. The reports provided by UTRGV will be validated against full supporting documentation in lieu of the summarized reports prior to the preparation of the grant expenditure report.

DHR and UTRGV School of Medicine are appreciative of the opportunity to be a grant recipient under this program and we look forward to continuing to increase the quality of healthcare received by the citizens of the Rio Grande valley.

PERFORMED BY:

Mr. David Mahoney, Compliance Specialist

cc:

THECB

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