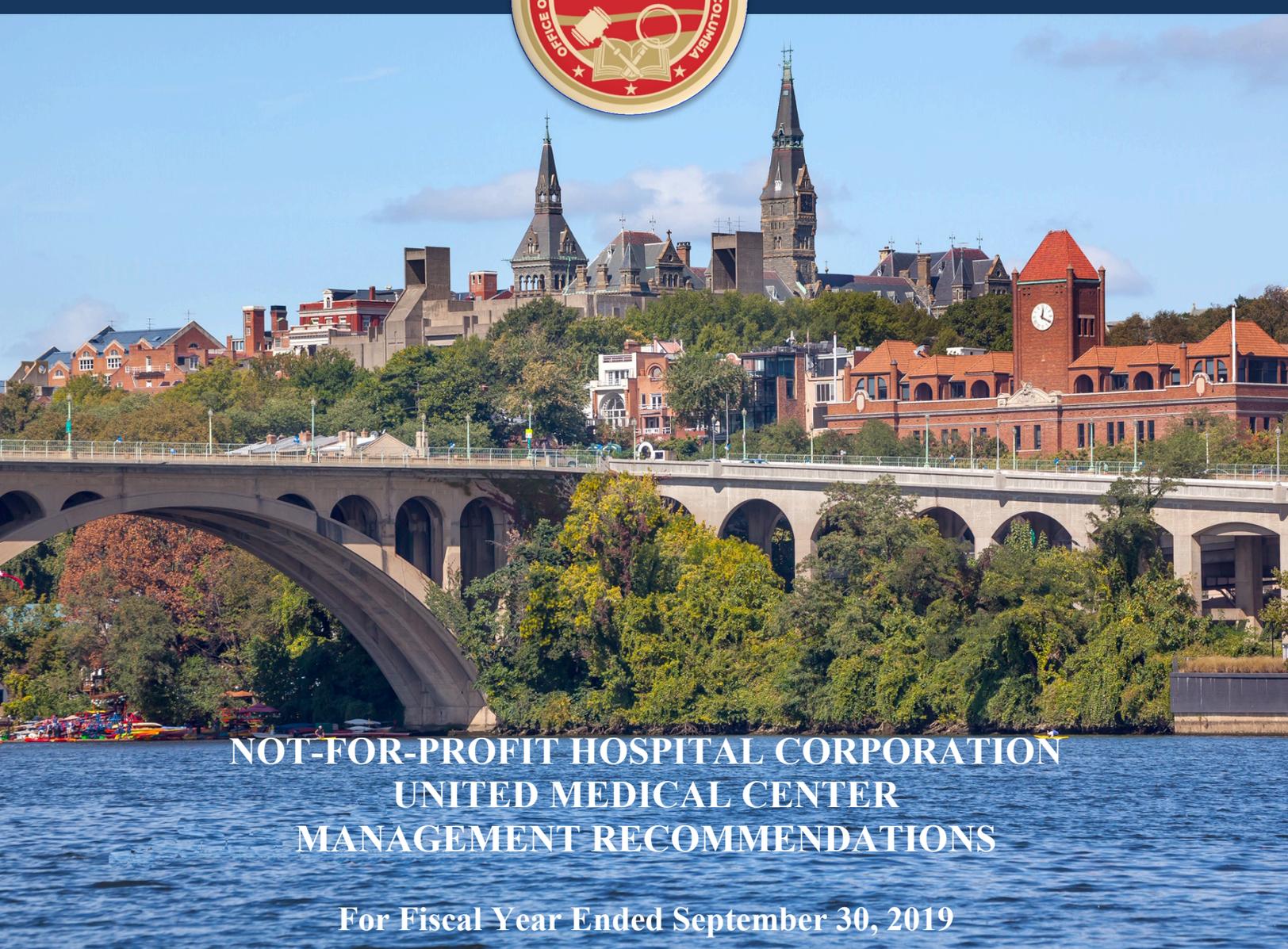


# DISTRICT OF COLUMBIA OFFICE OF THE INSPECTOR GENERAL

OIG Project No. 20-1-20HW

February 2020



## NOT-FOR-PROFIT HOSPITAL CORPORATION UNITED MEDICAL CENTER MANAGEMENT RECOMMENDATIONS

For Fiscal Year Ended September 30, 2019

### *Guiding Principles*

*Workforce Engagement \* Stakeholders Engagement \* Process-oriented \* Innovation  
\* Accountability \* Professionalism \* Objectivity and Independence \* Communication \* Collaboration  
\* Diversity \* Measurement \* Continuous Improvement*

## **Mission**

Our mission is to independently audit, inspect, and investigate matters pertaining to the District of Columbia government in order to:

- prevent and detect corruption, mismanagement, waste, fraud, and abuse;
- promote economy, efficiency, effectiveness, and accountability;
- inform stakeholders about issues relating to District programs and operations; and
- recommend and track the implementation of corrective actions.

## **Vision**

Our vision is to be a world-class Office of the Inspector General that is customer-focused, and sets the standard for oversight excellence!

## **Core Values**

Excellence \* Integrity \* Respect \* Creativity \* Ownership  
\* Transparency \* Empowerment \* Courage \* Passion  
\* Leadership



GOVERNMENT OF THE DISTRICT OF COLUMBIA

Office of the Inspector General

Inspector General



February 12, 2020

The Honorable Muriel Bowser  
Mayor of the District of Columbia  
Mayor's Correspondence Unit  
1350 Pennsylvania Avenue, N.W., Suite 316  
Washington, D.C. 20004

The Honorable Phil Mendelson  
Chairman  
Council of the District of Columbia  
John A. Wilson Building  
1350 Pennsylvania Avenue, N.W., Suite 504  
Washington, D.C. 20004

Dear Mayor Bowser and Chairman Mendelson:

Enclosed is the *Not-for-Profit Hospital Corporation United Medical Center Management Recommendations for Fiscal Year 2019* report (OIG No. 20-1-20HW) SB & Company, LLC (SBC) issued January 2, 2020. SBC submitted this report as part of our overall contract for the audit of the District of Columbia's general-purpose financial statements for FY 2019.

This report sets forth SBC's comments and recommendations intended to improve internal controls or result in other operating efficiencies in District government. The report also includes SBC's summary of prior year management recommendations and the corresponding implementation status.

If you have questions about this report, please contact me or Benjamin Huddle, Assistant Inspector General for Audits, at (202) 727-2540.

Sincerely,

  
Daniel W. Lucas  
Inspector General

DWL/ws

Enclosure

cc: See Distribution List

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The Honorable Brandon T. Todd, Chairperson, Committee on Government Operations, Council of the District of Columbia (via email)  
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The Honorable Kathy Patterson, D.C. Auditor, Office of the D.C. Auditor,  
Attention: Cathy Patten (via email)  
Mr. Jed Ross, Director and Chief Risk Officer, Office of Risk Management (via email)  
Ms. Berri Davis, Director, FMA, GAO, (via email)  
Ms. LaRuby May, Chair, Not-for-Profit Hospital Corporation/United Medical Center Board of Directors (via email)  
Mr. Graylin (Gray) Smith, Partner, SB and Company, LLC (via email)

**NOT-FOR-PROFIT HOSPITAL CORPORATION  
UNITED MEDICAL CENTER  
(A Blended Component Unit of the District of Columbia)**

**Management Recommendations**

**For the Year Ended September 30, 2019**



**SB & COMPANY, LLC**  
KNOWLEDGE • QUALITY • CLIENT SERVICE

The Mayor, Council of the Government of the District of Columbia  
Inspector General of the Government of the District of Columbia, and the  
Board of Directors of Not-For-Profit Hospital Corporation:

In planning and performing our audit of the financial statements of the Not-For-Profit Hospital Corporation, commonly known as United Medical Center (the Medical Center), a blended component unit of the Government of the District of Columbia as of and for the year ended September 30, 2019, in accordance with auditing standards generally accepted in the United States of America, we considered the Medical Center's internal controls over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances, for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. Accordingly, we do not express an opinion on the effectiveness of the Medical Center's internal controls.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect, and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal controls, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected, and corrected on a timely basis.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. Given these limitations, during our audit, we did not identify any deficiencies in internal controls that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

During our audit, we noted a certain matter involving internal controls, and other operational matters that are presented for your consideration. This letter does not affect our report on the financial statements of the Medical Center. We will review the status of these comments during our next audit engagement. Our comments and recommendations, all of which have been discussed with appropriate members of management, are intended to improve the internal controls or result in other operating efficiencies. We will be pleased to discuss these comments in further detail at your convenience, perform any additional study of these matters, or assist you in implementing the recommendations. Our comments are summarized as follows:

#### **1. Resolve Issue with Employee Pay Rate Changes**

There was inadequate documentation to support employee's identified for testing for base pay and shift differential rates used in the processing of payroll. Per the Medical Center's written policy HRD 03-002 – Personnel Action Request: "1 – A Personnel Action Request Form must be filed with the Human Resources Department to record any of the following actions:...(g) Salary Adjustment, and (h) Change in differential status (Shift change)."

Management did not follow its written procedures relative to certain pay rate adjustments. We identified instances where pay rate change documentation was not maintained in the employees' personnel files as required by policy HRD 03-002 – 1(g)(h).



*Recommendation*

We recommend the Medical Center implement additional controls to ensure all pay rate changes are approved and documented in employee files as required by policy. Alternatively, the Medical Center should amend the payroll policy to include alternate approval and documentation methods for certain types of pay rate changes.

*Management's Response*

Several action remediation steps have been taken. Signatures are now on the PARs before input to Human Resources system. Management in charge of Human Resources is reviewing all employee rate changes and appropriate sign offs are happening at all levels including the CFO's office. The KRONOS system is the official sign off system for every change and differential not documented in the employee personnel file and happens before every payroll is processed. A new system has been purchased and will be implemented in 2020 to eliminate all manual processes and all minor rate discrepancies that are not documented in the PARs. Currently PARs are not required for every change that is made on a shift to accomplish patient care the way it is needed. All policies will be updated to reflect current practice and alternative ways to mitigate changes not documented in PARs will continue to be addressed.

**2. Information Technology Recommendations**

**A. Network Security**

Currently there is not a firewall between the Medical Center and the Meditech vendor OPSUS. Lack of firewall rules to restrict inbound traffic could increase exposures to traffic that either disrupts operations (e.g., ransomware) or results in the theft of data. Additionally, the Medical Center continues to have domain controllers and other servers that reside in the default VLAN 1. Because the default VLAN 1 is widely known, there could be increased risk to unauthorized access.

*Recommendation*

We recommend the Medical Center continue efforts to put in place a firewall between the Medical Center and the vendor OPSUS. Additionally, the Medical Center should continue efforts to remove all servers from VLAN 1.

*Management's Response*

We agree with these security recommendations and will be establishing firewall rules between the Medical Center and OPSUS (Cloudwave), and we will also move servers out of VLAN 1.



**B. Processes to Verify Authorized Parameter Changes**

There is no process in place to verify that only authorized parameter changes have been made to the production environment. Lack of processes to detect unauthorized parameter changes may result in unauthorized or inaccurate changes being introduced into the production environment and not detected timely.

*Recommendation*

We recommend the Medical Center evaluate the feasibility of implementing a report to identify parameter changes to verify that only authorized parameter changes are moved to production. Implementing above identified controls will help ensure only authorized and accurate parameter changes are migrated into the production environment.

*Management’s Response*

Application changes we make in tailoring our Meditech system for end-users are not able to be made by the Medical Center IT staff at the source code level, which provides a safeguard to introducing malicious codes. We do not have access to the source code. Additionally, we also confirm in advance these tailored changes in TEST with end-users before implementing them in PROD. We also track and confirm with end-users after changes are made in PROD to validate the tailored work is performing as expected. We will pursue the recommendation with Meditech about the feasibility of a report that provides additional evidence that only the approved modifications have been made in PROD.

**Status of Prior Year Recommendations**

The following chart outlines the status of prior year management recommendations that had not been implemented as of October 1, 2018.

Year	Finding	Status
2018	Finding 2018-002a: Need for Enterprise Risk Assessment (Business Recommendation)	In Process
	Finding 2018-002b: Financial Sustainability (Business Recommendation)	

This communication is intended solely for the information and use of management, Board of Directors, others within the organization, the Mayor and the Council of the Government of the District of Columbia and the Inspector General of the Government of the District of Columbia, and is not intended to be, and should not be, used by anyone other than these specified parties.

Washington, D.C.  
January 2, 2020