

DISTRICT OF COLUMBIA OFFICE OF THE INSPECTOR GENERAL

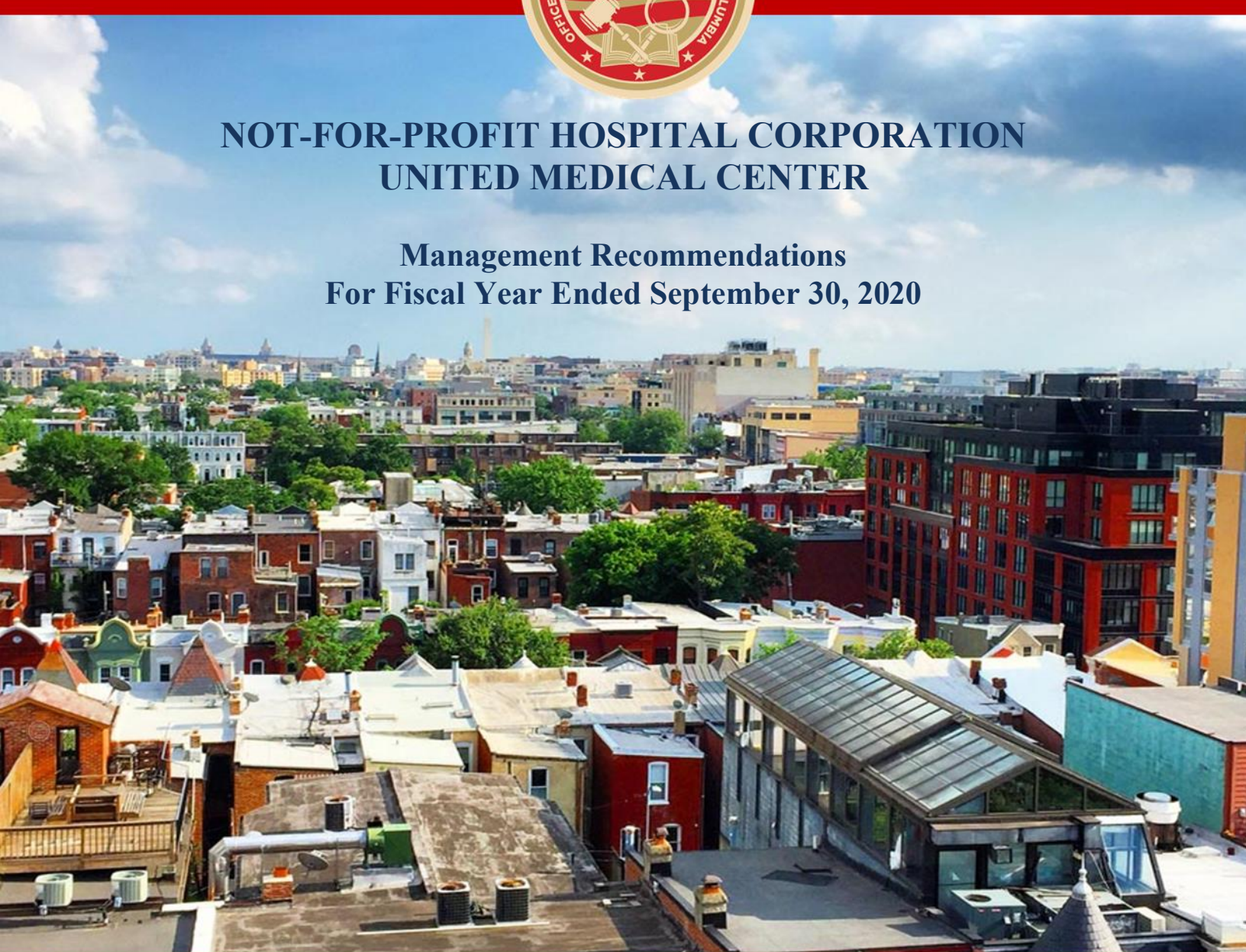
OIG Project No. 21-1-05HW(a)

January 2021



NOT-FOR-PROFIT HOSPITAL CORPORATION UNITED MEDICAL CENTER

Management Recommendations
For Fiscal Year Ended September 30, 2020



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



January 29, 2021

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

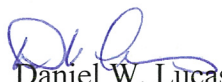
Dear Mayor Bowser and Chairman Mendelson:

Enclosed is the final report entitled *Not-for-Profit Hospital Corporation United Medical Center Management Recommendations* report for fiscal year (FY) 2020 (OIG No. 21-1-05HW(a)) by McConnell Jones, LLP (MJ) issued January 6, 2021. MJ submitted this report as part of our overall contract for the audit of the District of Columbia's general-purpose financial statements for FY 2020.

This report sets forth MJ's comments and recommendations intended to improve the effectiveness of internal controls over the Not-for-Profit Hospital Corporation United Medical Center (UMC) operations and programs. When addressed, these improvements can increase assurances that UMC runs its operations efficiently and effectively, reports reliable information about its operations, and complies with applicable laws and regulations. The report also includes MJ's summary of prior year management recommendations and the corresponding implementation status.

If you have questions about this report, please contact me or Fekede Gindaba, 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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Mr. Wayne McConnell, Managing Partner, McConnell & Jones LLP (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, 2020

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To the Mayor, Members of the Council of the District of Columbia,
the Board of Directors of Not-For-Profit Hospital Corporation and
Inspector General of the District of Columbia

In planning and performing our audit of the basic 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, 2020, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, we considered the Medical Center's internal controls over financial reporting (internal controls) as a basis for designing audit procedures that were 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 Medical Center's internal controls. Accordingly, we did not express an opinion on the effectiveness of the Medical Center's internal controls over financial reporting.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses, and therefore, there can be no assurance that all deficiencies or material weaknesses have been identified. Although no matter of a material weakness was noted, other recommendations have been noted which we believe will further improve the Medical Center's internal controls or operating effectiveness.

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 combination of deficiencies in internal control, 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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

This letter does not affect our report dated January 6, 2021, on the financial statements of the Medical Center. Our comments and recommendations, which have been discussed with appropriate members of management, are intended to improve the internal controls or result in other operating improvements.

This report is intended solely for the information and use of the management, Board of Directors, others within the organization, the Mayor and Members of the Council of the District of Columbia and the Inspector General of the District of Columbia, and is not to be and should not be used by anyone other than these specified parties. We will be pleased to discuss these comments with you and, if desired, to assist you in implementing any of the suggestions.

Washington, D.C.
January 6, 2021

I. CURRENT YEAR FINDINGS

Finding 2020-1. Controls Over Data Center - Fire Suppression System Not in Working Order.

We observed during our virtual walk-through and inquiry that the sprinklers were disabled because they were not in working order.

As a result, the data center is without a fire suppression system in place. According to the space owner, there is a purchase order pending to have the sprinkler system replaced.

The United Medical Center (UMC) Cyber Security Plan policy and procedures (Environmental Protection) states that the humidity and the temperature will be monitored at all times by sensors and fire suppression systems.

A working fire suppression system is a preventative control as it prevents or reduces major financial loss due to fire.

We discussed the noted condition with the Medical Center's Chief Information Officer (CIO), who provided the following written explanation:

As reported during the audit, we have been working with our Facilities area to resolve this matter. A new system has been ordered, and we expect installation to be completed by December 15, 2020.

Recommendation: We recommend that the Medical Center's CEO ensures that a fire suppression system be evaluated and installed immediately in order to reduce the possible effect of a fire in a data center. The Medical Center should consider a non sprinkler based solution.

Finding 2020-2. Controls Over Effective Periodic Access Review Appears Not to be Operating Effectively.

We observed during our walk-through and inquiry that periodic user access was only reviewed and documented after our meeting with the auditee. Further inquiry revealed that reviews were usually performed but never documented.

As a result of our procedures, we determined that the department had established procedures for a periodic review of user access to system resources. However, auditors noted that the review for fiscal year 2020 was completed on September 25, 2020, after the auditors raised the issue and that was the only review completed and documented for fiscal year 2020.

According to UMC System Access and Termination Policy and Procedures, periodic end-users access reviews include, but are not limited to the following:

- The IT Department will review, on at least an annual basis, user lists with department Managers for their review and confirmation.
- The IT Department will periodically review system access logs for activity levels and will also perform an audit of all users on annual basis.

Performing periodic user access reviews for appropriate layers (i.e., operating system, network database, application, etc.), reduces the risk that users who no longer require access still have access to system resources.

We discussed the noted conditions with the Medical Center's CIO, who provided the following written explanation:

While we do reviews during the year, we agree that a documented system on a quarterly basis is a good recommendation and will implement quarterly and documented user access reviews going forward.

Recommendation: We recommend that the Medical Center's CEO ensures that quarterly user access reviews are performed and documented to identify users who no longer require access and remove/disable said access.

Finding 2020-3. Controls Over Timely Removal of Terminated Employees.

We determined through our testing that some terminated employees' profiles were not timely removed from the system.

We determined that the department had established procedures for system access and, when needed, termination of users with access to system resources. However, during our testing of access controls, auditors noted that 25% of our sample of terminated employees selected for testing were not timely removed from system resources.

UMC System Access and Termination Policy and Procedures states all user accounts will be terminated immediately upon verbal, written, or email notification from Human Resources, Physician Services or the Department Head.

Based on our testing, the gap observed appears to be a procedural issue. There is a timing difference when an employee is terminated and when a letter is sent to inform the IT team to take appropriate action.

Untimely removal of terminated employees is typically considered to be a high-risk area for potential fraud and abuse.

We discussed the noted conditions with the Medical Center's CIO, who provided the following written explanation:

IT and HR will work together to tighten the process and resolve. This will include the use by IT of a weekly report of all terminations in the HRIS, to adjust (terminate) access for any individuals for whom IT has not been notified of their termination; and, all termination Help Desk tickets shall be immediately escalated to the highest level, to ensure immediate action.

Recommendation: We recommend that the Medical Center's CEO ensures that the Office of Human Resources in conjunction with the IT Department terminate or inactivate all nonworking employees in relevant systems within a specified timeframe and equally update their process.

II. STATUS OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS

The following chart outlines the status of prior year management recommendations and business recommendations that had not been implemented as of September 30, 2020.

MANAGEMENT RECOMMENDATIONS – FY19		
RECOMMENDATIONS		Status
NOT-FOR-PROFIT HOSPITAL CORPORATION		
1	Resolve Issue with Employee Pay Rate Changes	At year end this was partially implemented. The completion of the implementation of Kronos and continued improvement of documenting the employee pay rate changes will resolve this prior year finding.
NOT-FOR-PROFIT HOSPITAL CORPORATION (INFORMATION TECHNOLOGY)		
2A	<i>Network Security</i> - It was recommended the Medical Center continue efforts to put in place a firewall between the Medical Center and the vendor OPSUS.	Subsequent to the close of the fiscal year steps were completed by the organization to resolve the prior year recommendation.
2B	<i>Processes to Verify Authorized Parameter Changes</i> - Evaluate the feasibility of implementing a report to identify parameter changes to verify that only authorized parameter changes are moved to production	Subsequent to the close of the fiscal year steps were completed by the organization to resolve the prior year recommendation.

BUSINESS RECOMMENDATIONS – FY18		
RECOMMENDATIONS		STATUS
NOT-FOR-PROFIT HOSPITAL CORPORATION		
1	Need for Enterprise Risk Assessment (Business Recommendation)	Not Implemented
2	Financial Sustainability (Business Recommendation)	Not Implemented