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Rob Sand
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NEWS RELEASE

FOR RELEASE

April 26, 2022

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Auditor of State Rob Sand today released a report on a special investigation of the University of Iowa Hospitals and Clinics (UIHC), Care Coordination Division (Division), for the period August 1, 2012 through December 31, 2020. The special investigation was requested by University of Iowa officials as a result of concerns regarding certain financial transactions processed by the former Administrative Services Specialist, Anna Hernandez.

Sand reported the special investigation identified \$16,115.00 of gift cards which were unaccounted for, \$153.99 of improper disbursements, \$377.66 of unsupported disbursements, and \$500.00 of undeposited collections. The \$16,115.00 of unaccounted for gift cards identified includes:

- \$9,725.00 of VISA gift cards for the Aiming for a Cure Fund,
- \$3,600.00 of VISA gift cards for the Adolescents and Young Adults Fund,
- \$550.00 of Casey's gas cards for the Cancer Consortium Fund,
- a \$50.00 VISA gift card for the Loren Arp Fund,
- \$40.00 of HyVee gift cards for the Miscellaneous General Fund, and
- \$2,150.00 of VISA and HyVee gift cards that could not be identified to a specific fund.

Sand also reported the \$153.99 of improper disbursements identified includes a \$100.00 unauthorized petty cash voucher processed by Ms. Hernandez and \$53.99 of improper purchases made with the University procurement card assigned to Ms. Hernandez.

The \$377.66 of unsupported disbursements identified includes purchases on the University procurement card assigned to Ms. Hernandez for which sufficient documentation was not available to determine propriety of the purchases.

In addition, Sand reported the \$500.00 of undeposited collections identified was a collection which could not be traced to a deposit recorded in the University's accounting system or remitted to the UIHC Accounting Department for deposit.

Sand reported it was not possible to determine if additional gift cards were unaccounted for or improperly disbursed because adequate documentation was not available.

Sand recommended University officials implement procedures to ensure the Division's internal controls are strengthened, including segregation of duties, performing inventory counts of gift cards by an independent party, and ensuring proper documentation is maintained for the administration of funds handled by the Division.

Copies of the report have been filed with the University's Department of Public Safety, the Board of Regents' Office of Internal Audit, the Division of Criminal Investigation, the Johnson County Attorney's Office, and the Attorney General's Office. A copy of the report is available for review on the Auditor of State's web site at <https://auditor.iowa.gov/reports/audit-reports/>.

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**REPORT ON SPECIAL INVESTIGATION OF THE
UNIVERSITY OF IOWA HOSPITALS AND CLINICS
CARE COORDINATION DIVISION**

**FOR THE PERIOD
AUGUST 1, 2012 THROUGH DECEMBER 31, 2020**

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Rob Sand
Auditor of State

Auditor of State's Report

To the Members of the Board of Regents,
State of Iowa:

As a result of alleged improprieties regarding certain financial transactions and at the request of State University of Iowa (University) officials, we conducted a special investigation of the University of Iowa Hospitals and Clinics (UIHC), Care Coordination Division (Division). We have applied certain tests and procedures to selected financial transactions of the Division for the period of August 1, 2012 through December 31, 2020, except as noted below. Based on a review of relevant information and discussions with University and Division officials and staff, we performed the following procedures.

- 1) Reviewed procedures performed by staff of the Board of Regents' Office of Internal Audit to obtain an understanding of concerns identified regarding gift cards and collections within the Division.
- 2) Interviewed University and Division staff to obtain an understanding of how Anna Hernandez, a former Division Administrative Services Specialist, carried out her job duties.
- 3) Evaluated the University's policies and procedures related to the use of University issued procurement cards (Pcards) to determine whether they were sufficient, in place, and operating effectively.
- 4) Evaluated UIHC and the Division's internal controls over the purchase, inventory, and disposition of gift cards to determine whether adequate policies and procedures were in place and operating effectively. We also evaluated policies established by the University for handling cash and making purchases to determine whether adequate policies and procedures were in place and operating effectively.
- 5) Compared collections recorded in the Division's receipt books and spreadsheets to the deposits recorded in the Division's accounts within the accounting system to determine the source, purpose, completeness, and propriety of each deposit.
- 6) For the periods for which records were available, compared gift cards donated and purchased to the gift cards issued to patients for various patient assistance programs to calculate how many gift cards should have been on hand within the Division then compared the calculated to the gift cards on hand to determine if any were unaccounted for.
- 7) Compared the gift cards issued to patients to related supporting documentation to determine if the gift cards were properly distributed.
- 8) Obtained and examined charges to Ms. Hernandez's University Pcard and related supporting documentation to determine the propriety of selected charges.
- 9) Interviewed Ms. Hernandez to obtain an understanding of how she carried out her job duties and explanations for certain financial transactions she processed.

The procedures identified \$16,115.00 of gift cards which were unaccounted for, \$153.99 of improper purchases with Ms. Hernandez's University Pcard, \$377.66 of unsupported purchases, and \$500.00 of undeposited collections. We were unable to determine if additional gift cards were unaccounted for or if additional collections were not properly deposited because adequate supporting documentation was not available. The detailed findings and recommendations are presented in the Investigative Summary of this report and **Exhibit A**.

The procedures described above do not constitute an audit of financial statements conducted in accordance with U.S. generally accepted auditing standards. Had we performed additional procedures, or had we performed a review of the entire Care Coordination Division, other matters might have come to our attention which would have been reported to you.

Copies of this report have been filed with the University's Department of Public Safety, the Board of Regents' Office of Internal Audit, the Division of Criminal Investigation, the Johnson County Attorney's Office, and the Attorney General's Office.

We would like to acknowledge the assistance and many courtesies extended to us by the officials and personnel of University of Iowa and University of Iowa Hospital and Clinics during the course of our investigation.



Rob Sand
Auditor of State

April 13, 2022

Report on Special Investigation of the
University of Iowa Hospitals and Clinics
Care Coordination Division

Investigative Summary

Background Information

The University of Iowa Hospitals and Clinics (UIHC) is Iowa's only comprehensive academic medical and regional referral center. UIHC is part of the State University of Iowa (University), which is owned and operated by the State of Iowa and under the supervision of the Board of Regents. According to the UIHC website, UIHC employed over 1,850 physicians, residents, and fellows and nearly 3,200 professional nurses during fiscal year 2020. UIHC also relies on the help of a dedicated corps of volunteers who provided over 82,000 hours of service.

The Care Coordination Division (Division) is one of many departments operated by the UIHC. According to UIHC's website, the Division provides services to patients and their families which enable them to make the best use of health care resources. The Division works to reduce the social, financial, and medical barriers in order to optimize patient and family functioning. The Care Coordination Division includes social workers, nurses, administrators, and administrative office staff. Their duties include purchasing, maintaining, and administering donated gift cards and gift cards purchased with funds donated by organizations, foundations, or individuals.

Anna Hernandez became the Division's Administrative Services Specialist on July 1, 2018 as part of a reorganization of the Division. As the Division's Administrative Services Specialist, Ms. Hernandez was responsible for overseeing gift cards and donations to programs which supported patients who qualified for the programs.

Ms. Hernandez began employment with UIHC on July 10, 2006 as a Patient Account Representative in the Social Services Division of UIHC. She held numerous titles within the Social Services Division from July 2006 through July 2018, including Office Coordinator II, Project Assistant, Administrative Services Coordinator, and Administrative Services Specialist. While Ms. Hernandez's job titles changed and the names of the division changed, she was responsible for overseeing gift cards and donations for programs which supported patients who qualified for the program in each of the positions she held.

As the Division's Administrative Services Specialist, Ms. Hernandez was also issued a University Procurement card (Pcard) to be used for purchasing books; supplies; bus fare and gift cards for patients; meals and gifts as part of the Division's staff recognition program; booking travel for staff within the Division; and paying registration fees for staff attending conferences.

Because an increasing number of gift cards were being purchased, donated, and issued, the Division implemented a gift card reconciliation process in August 2020 as an additional control. An administrative office staff member performed a reconciliation of the gift cards on August 21, 2020 and identified discrepancies related to gift cards purchased and maintained in the Division's records. Specifically, the individual found six \$150.00 VISA gift cards and nine \$50.00 VISA gift cards missing from the Adolescents and Young Adults (AYA) fund. The individual reported this \$1,350.00 discrepancy to Ms. Hernandez and was instructed not to report it to the University's Department of Public Safety. The individual noted this event on a notepad and put it with their records where the patient fund request forms are maintained.

The same administrative office staff member performed a monthly reconciliation of the petty cash fund on October 22, 2020 and found an odd transaction. Specifically, it was determined Ms. Hernandez removed \$100.00 from the petty cash fund for a patient discharge but did not leave a receipt. Disbursements from the petty cash fund are most frequently supported by a patient fund request form which is completed and submitted by a social worker. When the former Division Co-Director asked Ms. Hernandez about the transaction, she stated that she would provide a request form. According to the staff member we spoke with, a couple of days later Ms. Hernandez provided an authorization form for cash which appeared to be provided by the Emergency Department Social Worker for patient service

recovery at discharge. However, according to staff we spoke with, the form was not prepared by the Social Worker and could not be matched to a patient discharge record for that date.

Because of the concerns identified with the petty cash voucher, administrative office staff reviewed the paper gift card listings maintained by Ms. Hernandez and found they were incomplete and missing information. Additionally, Division staff identified disbursed funds for which gift cards were not maintained in the locked drawer/safe in the office or in the available inventory records. According to staff, during their review of various inventory sheets which were to be a complete listing of gift cards for each fund, the lists appeared to have been significantly modified with rows deleted.

On November 17, 2020, administrative office staff contacted Peggy O'Neill, Care Coordination Division Co-Director, about the concerns identified. Ms. O'Neill and administrative office staff contacted the University's Department of Public Safety with the concerns. Internal Audit was also contacted. Ms. O'Neill retired on December 2, 2020.

Because of the discrepancies identified by UIHC officials Ms. Hernandez was placed on paid administrative leave effective November 18, 2020. Ms. Hernandez subsequently resigned from her position effective November 30, 2020.

Representatives of Internal Audit contacted the Office of Auditor of State to report the concerns identified and the possible misappropriation of funds from the Division. As a result, we performed the procedures detailed in the Auditor of State's report for the period August 1, 2012 through December 31, 2020.

Detailed Findings

The procedures identified \$16,115.00 of gift cards which were unaccounted for, \$153.99 of improper disbursements, \$377.66 of unsupported disbursements, and \$500.00 of undeposited collections. We were unable to determine if additional gift cards were unaccounted for or if additional collections were uncollected because adequate supporting documentation was not available.

The \$16,115.00 of gift cards unaccounted for identified includes:

- \$9,725.00 of VISA gift cards to be administered for the Aiming for a Cure Fund,
- \$3,600.00 of VISA gift cards to be administered for the Adolescents and Young Adults Fund,
- \$550.00 of Casey's gas card to be administered for the Cancer Consortium Fund,
- \$50.00 VISA gift card to be administered for the Loren Arp Fund,
- \$40.00 of HyVee gift cards to be administered for the Miscellaneous General Fund, and
- \$2,150.00 of VISA and HyVee gift cards that could not be identified to a specific fund.

The \$153.99 of improper disbursements identified includes a \$100.00 petty cash voucher and \$50.00 of purchases made on Ms. Hernandez's University Pcard. The \$377.66 of unsupported disbursements identified includes purchases made on Ms. Hernandez's Pcard for which sufficient documentation was not available. The \$500.00 of undeposited collections identified was a collection which could not be traced to a deposit recorded in the University's accounting system or remitted to the UIHC Accounting Department for deposit.

In addition, sufficient inventory records were not maintained, and related supporting documentation was not available from the Division during the period of the investigation. As a result, it was not possible to determine if additional gift cards were improperly disbursed and/or if any additional collections were not properly deposited.

All findings are summarized in **Exhibit A** and a detailed explanation of each finding follows.

We conducted and interview with Ms. Hernandez on April 13, 2022, during which she provided information regarding her job duties as the Administrator for the Care Coordination Division. We also requested information during the interview regarding how gift cards were accounted for and used, purchases made on her Pcard, and petty cash transactions. During the interview she was unable to

provide explanations regarding the items summarized in **Exhibit A**, including the unaccounted for gift cards, the additional gift cards purchased, the petty cash voucher, and the undeposited cash collection. However, the information she provided is described in the following paragraphs.

GIFT CARDS

As previously stated, the Division's administrative office oversees the purchasing, maintaining, and administering of gift cards which are donated to the Division and/or purchased by the Division with funds from donating organizations. The gift cards are to be given to hospital patients who meet established criteria. When donations are received, they are to be deposited and recorded to the proper fund in the UIHC accounting system and subsequently used to purchase gift cards. When gift cards are received or purchased, they are locked in a drawer or safe in the Division's office.

According to Division staff we spoke with, ten funds have been established to which donations from specific organizations are deposited. Additionally, other donations are deposited to a miscellaneous general fund.

A Division social worker acts as a coordinator with the ten organizations when the number of available gift cards runs low or when additional funding is needed. When new funds are available, the social worker ensures the funds are deposited to the appropriate account.

Ms. Hernandez was responsible for maintaining the inventory of gift cards and tracking their use. She also ensured funds were deposited to and recorded in the appropriate UIHC account. After funds were moved to the correct account, Ms. Hernandez forwarded a gift card purchase request to another member of the Division's administrative office to initiate a purchase.

- For VISA gift cards purchased from Hills Bank, the individual created an eVoucher on the University's system and worked with the vendor to purchase gift cards and pick them up from the Hills Bank branch located in the hospital.
- For HyVee gift cards, either Ms. Hernandez or another administrative staff member purchased the gift cards needed in varying denomination amounts from a HyVee location using Ms. Hernandez's Pcard.

Both the VISA and HyVee gift cards were turned over to Ms. Hernandez after purchase to be maintained in a locked drawer and later in a safe in her office. Additionally, gift cards were maintained in separate boxes for each fund within the locked drawer or safe. Access to the locked drawer and safe was limited to Ms. Hernandez and another Administrative Services Specialist who reported to Ms. Hernandez.

Ms. Hernandez maintained a manual listing of gift card that were used to account for the gift cards on hand and available to be distributed. When a gift card was provided to a patient, the social worker taking the gift card was to sign the gift card listing to record that the card was removed from inventory for distribution.

According to Division staff members we spoke with, the process to distribute gift cards to a patient starts with a social worker identifying a patient in need that meets the criteria established for one or more of the donor funds. The social worker prepares an electronic Patient Fund Request Form detailing the type, number, and amount of gift card(s) requested, the funds the patient is eligible for, the date, patient identification, financial information required by the donor fund, and a brief description of why the funds are needed and what they are supposed to be used for. The request forms were to be sent to Ms. Hernandez for review and approval via e-mail.

Once approved, the requesting social worker picked up the gift card(s) from the Division's administrative office. Ms. Hernandez pulled the cards from the locked drawer or safe and had the social worker initial and date on the manual gift card listings maintained in the locked drawer or safe next to the notation of the last four digits of the gift card(s) they were provided. Additionally, Ms. Hernandez was to print off

the patient fund request form received via email, record the last four digits of the gift card(s) on the printed version of the email, and provide the documentation to another administrative employee for record keeping.

To determine if all gift cards donated to and purchased by the Division were accounted for, we performed the following procedures.

- We prepared a listing of donated gift cards and those purchased by the Division for the time period records were available for each fund. Available records included purchases recorded in the UIHC accounting system and listings of gift cards donated and/or purchased using funds provided by organizations.
- Using the patient fund request forms maintained in each fund's folder in the Division's administrative office, we also prepared a listing of the gift cards requested and issued to patients. The listing included the date of the request, the number of cards awarded to the individual, and the last four digits of the card(s) when included on the request form.
- We prepared an inventory list of the gift cards on hand in the Division's office for each fund. According to Division staff, they were not allowed to issue gift cards to patients after Ms. Hernandez was placed on leave.
- Using the lists, we compared the number of cards which should have been on hand based on the number of cards donated purchased and issued to the actual number of gift cards on hand in the Division's office.

The records available for each fund differed. Of the 11 funds into which donations are deposited and from which gift cards are purchased, we determined sufficient records were not maintained by the Division to determine the number of gift cards donated and/or purchased. Specifically, supporting documentation for purchases and donations were not available for five of the funds, including funds for Burn Patients, DeGowin Blood Center, Clinical Cancer Center, A&S Mueller, and Iowa Vet. Because records were not available for these funds, we were unable to determine if all of the purchased and donated gift cards were on hand at the time of our testing.

As a result, we were only able to analyze the gift cards purchased, donated, and issued for the remaining six funds for periods for which records were available. During our review, we identified instances of gift cards for various funds that were not recorded as distributed but also were not in the possession of the Division. Additionally, we identified concerns related to the administration of various funds. Our findings regarding gift cards are summarized by fund in **Table 1** and explained in detail in the following paragraphs. **Table 1** does not include information for the Dr. Silverman SCTCT Fund because we did not find any unaccounted for gift cards from that fund based on the records available for testing.

Table 1

Fund	Period Tested	Table Number	Number of Unaccounted For Cards	Amount
Aiming for a Cure	12/01/18-12/31/20	Table 2	126	\$ 9,725.00
Adolescents and Young Adults	04/01/19-12/31/20	Table 3	46	3,600.00
Cancer Consortium	05/01/20-12/31/20	Table 5	22	550.00
Loren Arp	05/01/20-12/31/20	Table 6	1	50.00
Miscellaneous General	06/01/19-12/31/20	Table 7	4	40.00
Additional Gift Card Purchases	08/01/12-12/31/20	Table 8	23	2,150.00
Total			222	\$ 16,115.00

As described in the following paragraphs, we also determined that the support maintained by the Division had no evidence of independent review, patient request forms and tracking sheets were not consistently filled out, and all staff of the Division's administrative office had access to the Fund request

forms, the gift cards and the tracking sheets. As a result, we are unable to determine if the gift cards recorded as disbursed were properly distributed to eligible patients, used by Division staff for morale events, and/or removed from inventory for personal purposes.

The Division implemented a gift card reconciliation process in August 2020 as an additional control because an increasing number of gift cards were being purchased, donated, and issued. As previously stated, an administrative office staff member performed a reconciliation of the gift cards on August 21, 2020 and identified discrepancies related to gift cards purchased and maintained in the Division's records. Specifically, the individual found 15 VISA gift cards missing from the Adolescents and Young Adults (AYA) fund. The individual reported the discrepancy to Ms. Hernandez and was instructed not to report it. The 15 missing gift cards identified are included in the 46 accounted for gift cards summarized in **Table 1** for AYA. Another Division staff member subsequently contacted Hills Bank to determine if information could be obtained regarding how the 15 missing gift cards were used. Information provided by the bank is presented in the AYA Fund section of this report.

We also requested University officials contact Hills Bank to determine if information could be obtained for additional gift cards that are unaccounted for. However, the bank was only able to provide transactions from February 7, 2021 through January 26, 2022 for 34 gift cards. The information provided by the bank included inactivity fees and a limited number of transactions from vendors. The vendor transactions were made only on cards issued from the AYA Fund and will be discussed in more detail in that section of this report.

Aiming for a Cure Fund

The Aiming for a Cure Fund provides funding for the purchase of VISA gift cards to be distributed to cancer patients and/or family members of cancer patients with young families. According to Division staff we spoke with, this fund existed and operated prior to December 1, 2018. However, supporting documentation for transactions prior to December 1, 2018 was not available for our review. As a result, we performed testing procedures for the period December 1, 2018 through December 31, 2020. **Table 2** summarizes the number of VISA gift cards purchased, donated, distributed, and on hand for the Aiming for a Cure Fund for this period. The **Table** also includes the value of the gift cards that could not be accounted for.

Table 2

Description	Gift Card Value					Total
	\$25.00	\$50.00	\$100.00	\$150.00	\$250.00	
Number of cards:						
Purchased/donated	35	135	110	35	10	325
Distributed	-	(92)	(18)	(32)	-	(142)
Calculated remaining inventory	35	43	92	3	10	183
Actual in inventory	-	(5)	(52)	-	-	(57)
Number unaccounted for	35	38	40	3	10	126
Value of cards unaccounted for	\$ 875.00	1,900.00	4,000.00	450.00	2,500.00	9,725.00

As illustrated by the **Table**, we identified 126 VISA gift cards of various denominations purchased by the Care Coordination Division to be distributed to eligible patients that were unaccounted for, the value of which totaled \$9,725.00. The \$9,725.00 total is included in **Exhibit A** as unaccounted for gift cards. Because records were not available prior to December 1, 2018, we cannot determine if additional gift cards are unaccounted for.

Using the available records, we also determined more HyVee gift cards were distributed from December 1, 2018 through December 31, 2020 than the total HyVee gift cards purchased during the

same period. Because records prior to December 1, 2018 were not available, we were not able to determine how many HyVee gift cards, if any, were on hand on December 1, 2018. It is also possible additional gift cards were donated or purchased with other funds during this period but were not properly recorded or the request forms did not contain an accurate number of distributed HyVee gift cards. Because we did not identify any unaccounted for HyVee gift cards during the period December 1, 2018 through December 31, 2020, we did not include the value of any HyVee gift cards in **Exhibit A** for the Aiming for a Cure Fund.

As previously stated, we also determined that the support maintained by the Division had no evidence of independent review, patient request forms and tracking sheets were not consistently filled out, and all staff of the Division's administrative office had access to the Fund request forms, the gift cards and the tracking sheets. During our interview with Ms. Hernandez, she reported she was unable to provide an explanation for the variance. As a result, we are unable to determine if the 142 VISA gift cards summarized in **Table 2** were properly distributed to eligible patients, used by Division staff for morale events, and/or removed from inventory for personal purposes.

Adolescents and Young Adults Fund

The Adolescents and Young Adults Fund provides funding for the purchase of VISA and HyVee gift cards to be distributed to support cancer patients under the age of 39 and meeting certain income requirements. According to Division staff, this fund is often used in conjunction with distributions from the Aiming for a Cure Fund. According to Division staff we spoke with, this fund existed and operated prior to April 1, 2019. However, supporting documentation for transactions prior to April 1, 2019 was not available for our review. As a result, we performed testing procedures for the period April 1, 2019 through December 31, 2020. **Table 3** summarizes the number of gift cards purchased, donated, distributed, and on hand for the Adolescents and Young Adults Fund for this period. The **Table** also includes the value of the gift cards that could not be accounted for.

Table 3

Description	VISA Cards			\$25.00 HyVee Cards	Total
	\$50.00	\$100.00	\$150.00		
Number of cards:					
Purchased/donated	64	15	45	15	139
Distributed	(31)	(15)	(32)	(2)	(80)
Calculated remaining inventory	33	-	13	13	59
Actual in inventory	-	-	-	(13)	(13)
Number unaccounted for	33	-	13	-	46
Value of cards unaccounted for	\$ 1,650.00	-	1,950.00	-	3,600.00

As illustrated by the **Table**, we identified 46 gift cards of various denominations purchased by the Care Coordination Division to be distributed to eligible patients that were unaccounted for, the value of which totaled \$3,600.00. The \$3,600.00 total is included in **Exhibit A** as unaccounted for gift cards. Because records were not available prior to April 1, 2019, we cannot determine if additional gift cards are unaccounted for.

As previously stated, the 46 unaccounted for gift cards identified in **Table 3** include 15 specific VISA gift cards Division staff identified as missing during a reconciliation performed in August 2020. After determining the 15 gift cards were missing, Division staff contacted Hills Bank and requested information regarding how the gift cards were used. According to a Division employee, information provided by the bank included payments to Walmart and vendors that sell fuel and fast food. The information provided by the bank also included payments made to PayPal accounts using the 10 missing gift cards listed in **Table 4**.

Table 4

Partial Gift Card Number	Vendor	Amount
<u>\$150 VISA gift cards</u>		
9829	Paypal - rayspringer	\$ 148.48
9936	Paypal - rayspringer	147.45
9944	Paypal - rayspringer	147.45
<u>\$50 VISA gift cards</u>		
8080	Paypal - rayspringer	49.95
8338	Paypal - rayspringer	45.58
8346	Paypal - jennaashon, rayspringer	10.59
8353	Paypal - rayspringer	49.18
8361	Paypal - rayspringer	49.36
8445	Paypal - rayspringer	46.61
8452	Paypal - rayspringer	49.47
Total		<u>\$ 744.12</u>

According to staff we spoke with, Mr. Springer is a friend of Ms. Hernandez. **Appendix 1** includes a copy of an email obtained from University Internal Audit staff. As illustrated by the **Appendix**, the email contained a personal message in which an individual requested Ms. Hernandez send \$100.00 to “rays paypal.” As a result, it is apparent the 10 missing gift cards listed in **Table 4** were used for personal purposes.

During our interview with Ms. Hernandez, she reported the individual making the request in the email was her ex-boyfriend and that she did not know who Ray Springer was. She stated that her ex-boyfriend regularly made requests like the one included in the email in **Appendix 1** but that she turned him down. When asked about the charges listed in **Table 4**, she stated that clearly Ray was someone who her ex-boyfriend knew. Additionally, Ms. Hernandez stated that she regularly worked from home on her personal laptop, which wasn’t secured, and that somehow her ex-boyfriend got into systems or accounts that he should not have and made the payments improperly.

According to Division officials we spoke with, the Division only purchased physical gift cards and that they never purchased virtual gift cards. In our review of the electronic records maintained by the Division, the tracking sheets used by the Division only included the last 4 digits of the VISA gift card and not the full 16-digit account string, the expiration date, or the three-digit CVV (card verification value) number printed on the back of the physical card. As a result, accessing information on Ms. Hernandez’s computer would not be sufficient to make a payment with the gift cards. Physical access to the gift cards was needed to make purchases with them. Division officials also reported Ms. Hernandez was not authorized to work from home and had not been granted remote access to the Division’s systems.

University Information Technology staff we spoke with stated, there are several levels of authentication required to access a University laptop and to connect to the University’s system using a virtual private network (VPN). As a result, it is unlikely anyone could access a University issued computer or the University’s VPN without assistance of an authorized user.

We also contacted Hills Bank to determine if information could be obtained for any additional gift cards that are unaccounted for. However, as previously stated, the bank was only able to provide transactions from February 7, 2021 through January 26, 2022 for 34 gift cards. The information provided by the bank included inactivity fees and \$1,206.90 of purchases from Prime Video made with three gift cards

issued from the AYA Fund and a \$10.00 purchase from “PayPal *Skillz” from another gift card issued from the AYA Fund. Based on their website, Skillz is a platform where mobile gamers can use their skills to compete for cash and prizes.”

Division staff we spoke with also reported it is reasonable to expect patients to make purchases from Prime Video, Skillz, Walmart, fast food restaurants, and vendors that sell fuel. However, because duties were not sufficiently segregated, Ms. Hernandez and other Division staff members had access to the AYA gift cards. As a result, even with the information from the bank, we are unable to determine if unaccounted for gift cards were improperly used or properly distributed to and used by an eligible patient.

As previously stated, we also determined that the support maintained by the Division had no evidence of independent review, patient request forms and tracking sheets were not consistently filled out, and all staff of the Division’s administrative office had access to the Fund request forms, the gift cards and the tracking sheets. During our interview with Ms. Hernandez, she reported she was unable to provide an explanation for the variance. As a result, we are unable to determine if the 80 gift cards summarized in **Table 3** were properly distributed to eligible patients, used by Division staff for morale events, and/or removed from inventory for personal purposes.

Cancer Consortium Fund

The Cancer Consortium Fund started in May 2020 as a COVID-19 Cancer Patient Transportation Initiative sponsored by the Iowa Cancer Consortium. The Division was awarded two batches of 135 \$25.00 Casey’s gift cards to be given to cancer patients being treated at UIHC. The amount of the gift cards to be distributed to individual patients was to be based on roundtrip mileage for the patient to UIHC for treatment, rounded to the nearest \$25.00 increment. We performed testing procedures for the period May 1, 2020 through December 31, 2020. **Table 5** summarizes the number of Casey’s gift cards purchased, donated, distributed, and on hand for the Cancer Consortium Fund for this period. The **Table** also includes the value of the gift cards that could not be unaccounted for.

Table 5

Description	\$25.00 Casey’s Gift Cards
Number of cards:	
Purchased/donated	270
Distributed	(235)
Calculated remaining inventory	35
Actual in inventory	(13)
Number unaccounted for	22
Value of cards unaccounted for	\$ 550.00

As illustrated by the **Table**, we identified 22 Casey’s gift cards donated to the Care Coordination Division to be distributed to eligible patients that were unaccounted, the value of which totaled \$550.00. The \$550.00 total is included in **Exhibit A** as unaccounted for gift cards.

As previously stated, we also determined that the support maintained by the Division had no evidence of independent review, patient request forms and tracking sheets were not consistently filled out, and all staff of the Division’s administrative office had access to the Fund request forms, the gift cards and the tracking sheets. During our interview with Ms. Hernandez, she reported she was unable to provide an explanation for the variance. As a result, we are unable to determine if the 235 Casey’s gift cards summarized in **Table 4** were properly distributed to eligible patients, used by Division staff for morale events, and/or removed from inventory for personal purposes.

Loren Arp Fund

The Loren Arp Fund was established to distribute gift cards to patients in the Burn Unit. According to Division staff we spoke with, this fund existed and operated prior to May 1, 2020. However, supporting documentation for transactions prior to May 1, 2020 was not available for our review. As a result, we performed testing procedures for the period May 1, 2020 through December 31, 2020. **Table 65** summarizes the number of gift cards purchased, donated, distributed, and on hand for the Loren Arp Fund for this period. The **Table** also includes the value of the gift cards that could not be unaccounted for.

Table 6

Description	\$25.00 VISA Cards	\$50.00 VISA Cards	\$10.00 HyVee Cards	Total
Number of cards:				
Purchased/donated	2	1	20	23
Distributed	(2)	-	-	(2)
Calculated remaining inventory	-	1	20	21
Actual in inventory	-	-	(20)	(20)
Number unaccounted for	-	1	-	1
Value of cards unaccounted for	\$ -	50.00	-	50.00

As illustrated by the **Table**, we identified a \$50.00 VISA gift card purchased by or donated to the Care Coordination Division to be distributed to eligible patients that was unaccounted for. The \$50.00 total is included in **Exhibit A** as an unaccounted for gift card. Because records were not available prior to May 1, 2020, we cannot determine if additional gift cards are unaccounted for.

During our review of the available patient fund request forms, documentation regarding \$25.00 HyVee gift cards purchased, and \$25.00 HyVee gift cards remaining in the Division inventory, we determined it appears more cards were distributed than were purchased. Because available records are not sufficient, we are unable to determine if additional gift cards were donated or purchased with other funds or if any gift cards were not properly accounted for. The Division should ensure that all gift cards purchased/received are properly documented and ensure that all cards given out were actually given to patients.

As previously stated, we also determined that the support maintained by the Division had no evidence of independent review, patient request forms and tracking sheets were not consistently filled out, and all staff of the Division's administrative office had access to the Fund request forms, the gift cards and the tracking sheets. During our interview with Ms. Hernandez, she reported she was unable to provide an explanation for the variance. As a result, we are unable to determine if the two gift cards summarized in **Table 5** were properly distributed to eligible patients, used by Division staff for morale events, and/or removed from inventory for personal purposes.

Miscellaneous General Fund

The Miscellaneous General Fund is used for patients who do not qualify for other funding. If a social worker deems it appropriate to provide a patient financial support, they can distribute gift cards purchased from the General Fund to the patient. According to Division staff we spoke with, this fund existed and operated prior to June 1, 2019. However, supporting documentation for transactions prior to June 1, 2019 was not available for our review. As a result, we performed testing procedures for the period June 1, 2019 through December 31, 2020. **Table 7** summarizes the number of gift cards purchased, donated, distributed, and on hand for the General Fund for this period. The **Table** also includes the value of the gift cards that could not be unaccounted for.

Table 7

Description	\$10.00 HyVee Cards
Number of cards:	
Purchased/donated	10
Distributed	-
Calculated remaining inventory	10
Actual in inventory	6
Number unaccounted for	4
Value of cards unaccounted for	\$ 40.00

As illustrated by the **Table**, we identified four \$10.00 HyVee gift cards purchased by or donated to the Care Coordination Division to be distributed to patients that were unaccounted for, the value of which totaled \$40.00. The \$40.00 total is included in **Exhibit A** as unaccounted for gift cards. Because records were not available prior to June 1, 2019, we cannot determine if additional gift cards are unaccounted for. During our interview with Ms. Hernandez, she reported she was unable to provide an explanation for the variance.

Using the available records, we also determined more \$20.00 and \$25.00 HyVee gift cards were distributed from June 1, 2019 through December 31, 2020 than the total HyVee gift cards purchased for those denominations during the same period. Because records prior to June 1, 2019 were not available, we were not able to determine how many HyVee gift cards, if any, were on hand on June 1, 2019. It is also possible additional gift cards were donated or purchased with other funds during this period but were not properly recorded or the request forms did not contain an accurate number of distributed HyVee gift cards. Because we did not identify any unaccounted for HyVee gift cards during the period December 1, 2018 through December 31, 2020, we did not include the value of any HyVee gift cards in **Exhibit A** for the Aiming for a Cure Fund.

Additional Gift Card Purchases

As previously stated, VISA gift cards were purchased from Hills Bank using the University's eVoucher system and HyVee gift cards were purchased using Ms. Hernandez's University Pcard to be distributed to eligible patients or their family members.

We obtained a listing from the University's accounting department of all purchases by the Division from Hills Bank for the period of January 1, 2016 through December 31, 2020 and determined 490 VISA gift cards totaling \$44,175.00 were purchased during this period.

Using descriptions within the accounting records for the purchases, we determined which of the eleven funds was used for some of the purchase of gift cards. However, we were able to trace only 482 of the 490 gift cards to purchases recorded on the manual listings maintained by for each fund. Division staff could not locate records for how the remaining eight gift cards were used, and they were not on hand in the Division. **Table 8** lists the voucher number, date, number of gift cards purchased, and value of the eight gift cards which total \$2,000.00.

We also reviewed all purchases made on Ms. Hernandez's University Pcard from August 1, 2012 through December 31, 2020. Based on our review of the supporting documents and discussions with Division officials, we identified seven purchases at a local HyVee of gift cards to be distributed to eligible patients. Specifically, we identified 146 HyVee gift cards purchased totaling \$2,888.89, including a gift card for \$13.89.

Using descriptions within the accounting records for the purchases, we determined which of the eleven funds was used for some of the purchases of gift cards. However, we were able to trace only 131 of the 146 gift cards to purchases recorded on the manual listings maintained by for each fund. Division staff

could not locate records for how the remaining 15 gift cards were used. Each of the 15 HyVee gift cards had a value of \$10.00. **Table 8** includes the 15 gift cards.

Table 8

Date	Type of Gift Card	Voucher	Quantity	Total
09/21/16	VISA gift card	V1023488	2	\$ 500.00
12/15/16	VISA gift card	V1040321	2	500.00
02/17/17	VISA gift card	V1053174	2	500.00
04/17/18	VISA gift card	V1166444	2	500.00
05/03/19	Hy-Vee gift cards	##	15	150.00
Total			23	\$ 2,150.00

- Purchased with Pcard

Because we were unable to determine how the 23 cards were used, the \$2,150.00 total is included in **Exhibit A** as unaccounted for gift cards.

As previously stated, Ms. Hernandez was not able to provide an explanation for the additional gift card purchases during our interview with her.

IMPROPER AND UNSUPPORTED DISBURSEMENTS

Pcard Purchases

As previously stated, Ms. Hernandez was assigned a University Pcard to make purchases for the Division's operations, including gift cards for patients. She also purchased books, supplies, and staff recognition items using her University Pcard. In addition, she used the Pcard to pay for conference registrations, membership renewals, and travel arrangements.

University officials have established policies and procedures regarding the use of Pcards for the entire University, including the Care Coordination Division. The policies and procedures are included in the operations manual and are listed on the University's Accounts Payable and Receivable website. These policies and procedures can be accessed by all University employees. UIHC Divisions are allowed to establish policies and procedures which are more restrictive, but, at a minimum, meet the University's policy.

When a University Pcard is used, the purchase is submitted through the University's "ProTrav" system. The "ProTrav" system requires the user to complete a form and electronically scan and attach supporting documentation for the charge(s). The completed form and supporting documentation are electronically routed to the cardholder's supervisor for approval and then forwarded to the Shared Services staff assigned to the Division for final review and approval. University policy requires the employee or the Division to maintain the original supporting documentation until this process is completed and the information is loaded into the University's accounting system. Pre-approvals of purchases made with Pcards are not required.

In addition to the supporting documentation submitted by the cardholder, the University receives "Level III" information as part of the data received from the Pcard processor. This information is included in the electronic procurement card transaction file the University receives daily. Level III detail includes a description of the item(s) purchased and the price. This information is only provided from vendors who collect and include the data with the information they submit to the Pcard processor. Examples of vendors who include Level III detail include Amazon, Oriental Trading Company, Pigott, American Airlines, and Delta Airlines.

Shared Services staff compare the support scanned into the accounting system by the Pcard holder to the Level III data to confirm the items purchased agree with the information scanned in by the Pcard

holder. During the review process, if a Shared Services staff member identifies a concern or would like more clarification regarding a charge, they may request the original support, additional support, or clarification for the charge from the card holder.

We obtained a list of all charges made to Pcards assigned to Division staff for the period August 1, 2012 through December 31, 2020. Using the supporting documentation available from the Division, information obtained from selected vendors, Level III detail provided by the University, internet searches, the vendor, the frequency and amount of the payments, discussions with Division officials, and University policies, we classified payments as improper, unsupported, or reasonable.

Disbursements were classified as improper if they were personal in nature or not necessary or reasonable for operations of the Division. Disbursements were classified as unsupported if it was not possible to determine if the disbursement was related to Division operations or was personal in nature. Other disbursements were classified as reasonable if it appeared, they were for Division operations based on available supporting documentation, the vendor, frequency, and amount of the payments, and/or discussions with Division officials.

The improper and unsupported Pcard purchases we identified were made with the Pcard assigned to Ms. Hernandez and are explained in detail in the following paragraphs. We did not identify any improper or unsupported Pcard purchases made with the Pcard assigned to other staff within the Division.

During our review of the charges on Ms. Hernandez's University Pcard, the related supporting documentation, Level III detail, and support received from selected vendors, we identified \$53.99 of improper purchases. Specifically, we identified:

- A \$3.99 purchase made from Amazon on July 2, 2014 for an English translation of the Quran which was shipped to Ms. Hernandez's personal residence.
- A fuel purchase made at a Kum & Go totaling \$50.00 in Lamoni, Iowa on Friday, January 18, 2013. Based on available supporting documentation, there was no approved travel for anyone in the Division near that vicinity in January 2013.

We also identified six transactions totaling \$377.66 on Ms. Hernandez's University Pcard for which the supporting documentation scanned into the "ProTrav" system was not detailed enough for us to determine the propriety of the purchases. Specifically, an itemized receipt was not available for the transactions. In some cases, only a credit card receipt was available. A list of who attended the events was not available. The six transactions are listed in **Table 9**.

Table 9

Post Date	Vendor	Amount	Description
10/08/12	Sheraton Iowa City F&B	\$ 62.20	Notation stated "business purpose" but unable to determine what was purchased.
03/15/13	Backpocket Brewing	106.46	Described as appetizers and notation that alcohol was purchased by employees on their own, but unable to determine what was purchased.
03/13/14	SQ *Shara Power	64.00	Described as staff recognition seminar on yoga/ selfcare, but unable to determine who attended.
01/30/15	SQ *Shara Power	100.00	Described as "Yoga for Self Care event", but unable to determine who attended.
09/24/15	SQ *Shara Power Yoga	20.00	Described as parking cost for instructor at "Event for SPFS Staff," but unable to verify cost or attendees.
12/31/15	SQ *Shara Power Yoga GOSQ	25.00	Described "Lunchtime yoga session," but unable to verify specific costs or who attended.
Total		<u>\$ 377.66</u>	

The \$53.99 and \$377.66 of improper and unsupported purchases identified, respectively, are included in **Exhibit A**. We were unable to ask Ms. Hernandez about the purchases made with her Pcard because the time she allotted for our interview was not sufficient.

Petty Cash Voucher

As previously stated, on October 22, 2020, Division staff determined Ms. Hernandez removed \$100.00 from the petty cash fund but did not leave a receipt. Division staff reported Ms. Hernandez stated that she would provide a receipt when she was asked about it and a couple of days later, she provided an authorization form for cash which appeared to be provided by the Emergency Department Social Worker for patient service recovery at discharge. However, according to staff we spoke with, the form was not prepared by the Social Worker and could not be matched to a patient discharge for that date.

Because the petty cash voucher was not properly supported and the support later provided did not match any patient discharges, the \$100.00 petty cash voucher is included on **Exhibit A** as an improper disbursement.

As previously stated, Ms. Hernandez was not able to provide an explanation for this transaction during our interview with her.

UNDEPOSITED COLLECTIONS

As previously stated, the Division periodically collects payments from donors. The Division's administrative office also previously provided support for continuing education training sponsored by the Division. Specifically, when a training event was announced by the nursing or social work staff, administrative staff sent out invites to specific individuals, advertised the class, collected payments from attendees, and sent out evaluations after the event.

As donations and payments for continuing education classes were collected by the Care Coordination office, a receipt was to be filled out by the individual collecting the money. As previously stated, Ms. Hernandez and the Assistant Administrative Services Specialist were responsible for collecting payments.

The receipt information was then given to another member of the administrative office staff who did not collect payments to record for tracking purposes, and the funds were given to the UIHC Accounting Department. Staff from the Accounting Department completed a form listing the date funds were received, who remitted the funds from the Care Coordination office, who the payment came from, and the amount of the payment. The funds were then deposited.

We compared the receipt listing from the Division's receipt books to copies of the forms prepared by the UIHC Accounting Department and determined the funds for a \$500.00 receipt were not properly remitted for deposit. Specifically, receipt number 717852 dated July 29, 2016 for cash from an individual for "CPE Summer Classes" was not found in the amounts remitted to the UIHC Accounting Department for deposit. As a result, the \$500.00 is included in **Exhibit A** as undeposited collections.

As previously stated, Ms. Hernandez was not able to provide an explanation for this transaction during our interview with her.

Recommended Control Procedures

As part of our investigation, we reviewed the controls used by the University of Iowa Hospitals and Clinics, Care Coordination Division. An important aspect of internal control is to establish procedures that provide accountability for assets susceptible to loss from errors or irregularities. These procedures provide the actions of one individual will act as a check on those of another and provide a level of assurance errors or irregularities will be noted within a reasonable time during the course of normal operations. Based on our findings and observations detailed below, the following recommendations are made to strengthen Division's internal controls.

A. Segregation of Duties – An important aspect of internal control is the segregation of duties among individuals to prevent one person from handling duties which are incompatible. The former Administrative Services Specialist had control over each of the following areas:

- (1) Receipts – opening mail, collecting, posting to the accounting records, and preparing bank deposits,
- (2) Disbursements – making certain purchases, receiving certain goods and services, maintaining supporting documentation, and posting to the accounting records,
- (3) Cash – handling, reconciling, and recording, and
- (4) Inventory – handling, maintaining, and recording of gift cards in the Division's inventory.

Recommendation – We realize segregation of duties is difficult with a limited number of staff. However, the duties within each function listed above should be segregated between the administration office and other Division officials. In addition, the Division officials should review financial records, perform reconciliations, and examine supporting documentation for accounting records on a periodic basis.

B. Gift Cards – By their nature, gift cards purchased by the Division are attractive to individuals and susceptible to loss. Based on the procedures performed, we identified the following concerns over the administration of gift cards:

- (1) The Division did not maintain adequate records indicating the fund and the purpose for which gift cards were purchased.
- (2) The Division did not maintain adequate supporting documentation showing who gift cards were issued to, including the date issued, the social worker and division staff approving the issuance of the card and the reason the card was issued.
- (3) The Division did not maintain an inventory listing by fund of all gift cards purchased, distributed to patients, and the gift cards on hand to ensure gift cards were properly safeguarded.

Recommendation – Division officials should develop policies and procedures for the purchases, distribution, inventorying, safeguarding, and tracking of gift cards. Procedures should include:

- Gift card purchases are properly supported by documentation that shows their intended purpose, for what program the card was purchased, and the reason for the purchase.
- Disbursement of gift cards should be supported by the patient request form, approved by appropriate staff, and include the program from which the card was issued.
- An inventory of all cards should be maintained for each fund. A comparison of the cards on hand should be conducted periodically and compared to the inventory listing by someone independent of the record keeping and custody

functions. Any irregularities or inconsistencies identified should be investigated and resolved in a timely manner.

- An independent party should periodically compare the gift card purchases and disbursed to the inventory records. Any irregularities or inconsistencies identified should be investigated and resolved in a timely manner
- A log should be maintained of all individuals who access the gift cards, including dates, the reason for access, and any gift cards added to or removed from the inventory.

C. Receipts – The Division did not consistently maintain receipts for continuing education fees and other miscellaneous donations received by the Division. In addition, a listing of collections, including dates, and amounts of payments, was not consistently maintained.

Recommendation – University officials should ensure prenumbered receipts are consistently issued for all collections at the time of collection and maintained to provide control over the proper collection and recording of money received. In addition, someone independent of the collection, recording and depositing duties should periodically compare the collection records to amounts remitted to the UIHC Accounting Department to ensure all collections are properly handled.

Exhibit

Exhibit A

Report on Special Investigation of the
University of Iowa Health Care and Clinics
Care Coordination Division

Summary of Findings
For the Period August 1, 2012 through December 31, 2020

Description	Table/ Page Number	Improper	Unsupported	Total
Unaccounted for Gift Cards:				
Aiming for a Cure Fund	Table 2	\$ 9,725.00	-	9,725.00
Adolescents and Young Adults Fund	Table 3	3,600.00	-	3,600.00
Cancer Consortium Fund	Table 5	550.00	-	550.00
Loren Arp Fund	Table 6	50.00	-	50.00
Miscellaneous General Fund	Table 7	40.00	-	40.00
Additional gift card purchases	Table 8	2,150.00	-	2,150.00
Total unaccounted for gift cards		16,115.00	-	16,115.00
Improper and unsupported disbursements:				
Pcard purchases	Pages 15 & 16	53.99	377.66	431.65
Petty cash voucher	Page 16	100.00	-	100.00
Total improper and unsupported disbursements		153.99	377.66	531.65
Undeposited Collections	Page 17	500.00	-	500.00
Total		\$ 16,768.99	377.66	17,146.65

Report on Special Investigation of the
University of Iowa Hospitals and Clinics
Care Coordination Division

Staff

This special investigation was performed by:

James S. Cunningham, CPA, Director
Ryan T. Jelsma, CFE, Senior Auditor II



Annette K. Campbell, CPA
Deputy Auditor of State

Report on Special Investigation of the
University of Iowa Hospitals and Clinics
Care Coordination Division

Copy of Email to Anna Hernandez

From: Patrick [REDACTED]
To: Hernandez, Anna M
Subject: [External] Please help.
Date: Monday, March 16, 2020 8:50:33 PM

I have no phone and no one to turn to. They are closing all the casinos to night. Can you please Send 100\$ to rays paypal. That way I can do the casino one time. Please love you. Sorry itsuck. Internet is spotty