

MDA22-113 Capital Project Onboarding Audit

EXECUTIVE SUMMARY

As part of MD Anderson's 2022 Internal Audit Plan, Internal Audit performed a review of the current onboarding process for Project Managers and General Contractors who work on capital projects.

The primary objectives during this audit were to achieve the following:

1. Gain an understanding of the capital project onboarding process in its current state through the obtainment of policy and procedural documentation
2. Gain an understanding of the capital onboarding process through interviews, a survey, and email correspondence with current employees
3. Identify recommendations to standardize and / or optimize in-scope processes based on leading industry standards
4. Develop a roadmap for remediation of key issues, items, or areas of concern

The following categories were the focus areas of the process review (see Appendix A for additional details):

- a. New Hire Training Requirements
- b. Project Communication Protocols
- c. Project Performance Expectations
- d. Permits / Inspections
- e. Lock Out Tag Out and Safety Requirements
- f. Material Storage
- g. Campus / Building / Unit Orientation
- h. Badge / Site / Facility Access (e.g. Storage, Waste, etc.)
- i. Employee Information
- j. Campus / General Safety / COVID Protocols

In addition to the audit procedures listed above, Internal Audit utilized the Capability Maturity Model (CMM) and Six Elements of Infrastructure frameworks, which are tools designed to categorize issues and identify opportunities for improvement that may exist, to assess MD Anderson's current onboarding process for capital projects employees. The Six Elements of Infrastructure include six areas which are most common to an organization and should be considered when assessing a current state process or developing any future state enhancement opportunities. The Six Elements of Infrastructure include the following:

1. Business Policies
2. Business Processes
3. People and Organization
4. Management Reports
5. Methodologies
6. Systems and Data

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Six Elements of Infrastructure and Capability Maturity Model Analysis

Based on Internal Audit’s review, the current maturity level of existing processes and determined results from this review are rated as “Defined” for most of the review areas within the Capability Maturity Model (CMM). The following model represents the various maturity ratings across each of the Six Elements of Infrastructure.

	Business Strategies & Policies	Business Processes & Procedures	Organization & People	Management Reports	Models & Assumptions	Systems & Data
Optimizing	Fully aligned and integrated project strategies, policies, processes, and contracts	Leadership highly integrated policies and processes and allow for controlled exploitation of opportunities	Fully leveraged and consolidated contractor based, highly qualified, skilled teams, superior organizational teamwork	Superior project information utilized to optimize capital project expenditures; continuous risk assessment	Procedures allow for optimal use of construction project data with minimal involvement; heavy reliance on systems	Fully integrated suite of construction project management systems; excellent data integrity and use of external sources
Managed	Strategic plan in place and driving resources allocations. Policies and procedures effectively defined and controlled	Formal, effective processes; risk management integrated within projects across various management processes	Consolidated, managed, and leveraged contractor base; high performance project teams and process ownership	High quality project information available (internal and external) and in-depth analysis and performance assessment	Construction project procedures effectively defined and controlled; reliance on systems to consolidate projects	Effective construction project tools; systems mirror and support business processes
Defined	Construction project plans updated annually, defined project strategies and consistently enforced policies	Effective, internally aligned, well-defined, and controlled processes for company-wide project execution	Consolidated programs and contractor pool; project leadership and formal project management process training	Some benchmarking performed; accurate and timely data available for project activities routinely reported	Reliance on management systems to consolidate data and monitor performance	More effective capital project management system; effective data analysis and measurement capabilities
Repeatable	Some strategic focus on projects but no overall plan; outdated or informal policies; responsibilities somewhat defined	Project processes are formally defined but inconsistently executed and monitored	Managed construction project division; some formal cross-functional teams and training; some key vendor relationships	Project related spending and other KPI’s available for select projects; functional-level performance monitoring	Procedures documented manual extrapolation of project data; potential for systematic errors	Project systems are interfaced and functional; some key data analysis available; limitations to system capabilities
Initial	Strategies and plans not created for program and project delivery; ad-hoc policies provides little management oversight	Informal project processes that are loosely developed or defined	Project personnel require additional training and organizational structure is unclear and/or not fully documented	Project information, controls, and measures not readily available or defined; poor data integrity; performance not always measured	Manual consolidation of project data and inconsistent use of management systems	Disparate and basic project management systems; non-uniform data standards; limited integration to access project data
	Current State			Recommended Future State		

Audit Results:

Internal Audit’s assessment concluded current onboarding processes and training documentation are effective in preparing new employees for roles at MD Anderson. Onboarding documentation, trainings, and schedules currently provided to new employees contain appropriate levels of detail to prepare new employees and allow them to become acclimated to new facilities and experiences.

Despite well-defined and documented onboarding material, Internal Audit noted three improvement opportunities related to continuing education for material provided during the onboarding process.

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Overall, Internal Audit received positive feedback from employees regarding their onboarding experience and how well organized the process was, which is important to note as the process continues to mature.

Employee Interview Observations and Recommendations

The first stage of data and insight collection consisted of interviews conducted by Internal Audit with current MD Anderson and contracted employees. A total of 9 employees were interviewed, each with an onboarding date within the last 4 years. Aside from one employee from the Facilities Finance department, the other 8 individuals are current Project Managers with varying years of experience working on capital projects.

After aggregating all interview data from the 9 stakeholder interviews, Internal Audit identified two low priority observations that already had mitigating efforts in-motion.

Employee Survey Observations and Recommendations

The second and final stage of data and insight collection consisted of a 15-question survey that was distributed amongst the 9 employees that took part in the interviews. Internal Audit reviewed the survey results and developed three key observations that had the highest incorrect response rates. The three key observations related to policy documentation for Facilities Planned Utility Outages, Lockout / Tagout of energized Equipment, and Entering and working in Confined Spaces.

Management Summary Response:

Management agrees with the observations and recommendations and has developed action plans to be implemented on or before 12/31/2022.

Appendix A outlines the methodology for this project.

The courtesy and cooperation extended by the personnel in Facilities Planning, Design, and Construction are sincerely appreciated.

Sherri Magnus

Sherri Magnus, CPA, CIA, CFE, CRMA, CHIAP
Vice President & Chief Audit Officer
August 15, 2022

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OBSERVATION #1 – Lockout/Tagout of Energized Equipment PolicyRanking: *High*

Not all employees are aware of the steps required within the Lockout / Tagout procedure of energize equipment.

Internal Audit surveyed employees regarding the Lockout / Tagout of the Energized Equipment policy, to assess employee awareness of required steps in the event of a “Lockout / Tagout Procedure” to assess safety knowledge in the lockout / tagout process. Employees were asked to select the step that was NOT part of the procedure, which resulted in 0/8 respondents selecting the correct responses.

Risks associated with the act of locking out and tagging of energized equipment include electrocution, burns, suffocation, or loss of limbs from machinery re-energizing.

Recommendation:

Management should conduct detailed onboard training for locking and tagging out energize equipment to ensure employee awareness of this process at the onset of employment. In addition, management should consider residual training requirements to ensure employees maintain a required level of training.

Management’s Action Plan:

Executive Leadership Team Member: Shibu Varghese

Division/Department Executive: Spencer Moore

Owner: Karen Mooney

Implementation Date: 12/31/2022

FPDC will add lockout/tag out policy training to the onboarding program with annual refreshers.

OBSERVATION #2 – Entering and Working in Confined Spaces PolicyRanking: *High*

Employees do not consistently understand which entity or personnel is responsible for conducting an initial assessment and labeling of an identified space as a confined space. This is imperative as confined spaces must be correctly identified before entrance can occur.

Question 9 from the survey, from the Entering and Working in Confined Spaces policy, was intended to ensure employees understood which entity or personnel is responsible for conducting an initial assessment and labeling the space once a confined space is identified and before entrance into that space can occur. A correct response would be determined if employees selected option C, which was “EHSSEM”, an acronym for “Environmental Health & Safety, Sustainability and Emergency Management”. 33% of responses were incorrect. Work occurring within a confined space presents risks not only for the personnel directly within the confined space, but to nearby personnel depending on the type of space. Injuries from

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improper work occurring in confined spaces can be fatal and must be taken extremely seriously, with all precautions and procedures followed. The risk of injury increases if employees are unaware of proper procedure or who to contact for an assessment of the space.

Recommendation

Management should implement annual training covering the Confined Spaces policy, including any updates to the policies and procedures.

Management's Action Plan:

Executive Leadership Team Member: Shibu Varghese

Division/Department Executive: Spencer Moore

Owner: Karen Mooney

Implementation Date: 12/31/2022

FPDC will add confined space policy training to the onboarding program with annual refreshers.

OBSERVATION #3 – Facilities Planned Utility Outages Policy

Ranking: *Medium*

Survey results indicated that 50% percent of employees were unsure of who is required to meet to discuss a planned utility outage.

Internal Audit surveyed employees to determine if employees were aware of which personnel are required to meet to discuss a planned utility outage. A correct response would be determined if the employee selected all four of the groups listed in options A through D. The results of the survey provided only 4 correct responses. From this information, Internal Audit noted that the other 50% percent of employees were unsure of who is required to meet to discuss a planned utility outage. Unauthorized or erroneous utility outages may put patients at risk of harm, as well as create challenges for employees.

Recommendation

Management should implement annual training covering the Planned Outages Policy, including any updates to the policies and procedures.

Management's Action Plan:

Executive Leadership Team Member: Shibu Varghese

Division/Department Executive: Spencer Moore

Owner: Karen Mooney

Implementation Date: 12/31/2022

FPDC will add planned utility outage policy training to the onboarding program with annual refreshers.

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Appendix A: Objective, Scope, and Methodology

This audit was done through a review of current onboarding process documentation, policy and procedural documentation provided to new employees, as well as documentation readily available to all employees. Additionally, Internal Audit conducted interviews with both internal and contracted employees that have been onboarded within the last four years and conducted a brief 15 question survey that was distributed to gather more data points and gain further insight.

The following categories were the focus areas of the process review:

- a. New Hire Training Requirements
- b. Project Communication Protocols
- c. Project Performance Expectations
- d. Permits / Inspections
- e. Lock Out Tag Out and Safety Requirements
- f. Material Storage
- g. Campus / Building / Unit Orientation
 - a. Parking
 - b. Cafeteria use and access
- h. Badge / Site / Facility Access (e.g. Storage, Waste, etc.)
 - a. Project Access
 - b. Building / Unit Access
 - c. Specialty Access (e.g. Maternity, Infectious Diseases, etc.)
- i. Employee Information
 - a. Contact information
 - b. Insurance information
 - c. Drug Screening Requirements
 - d. Emergency Contact
- j. Campus / General Safety / COVID Protocols
 - a. Emergency Protocols / Guidance
 - b. Safety / Health Supplies
 - c. Safety Plan / Meeting Locations
 - d. Emergency Response Plan
 - e. Vaccination Status / Requirements
 - f. PPE / Mask Requirements
 - g. COVID Reporting

Employee Interview Observation Details

During the interviews, employees were asked about their general onboarding experience and then specific questions regarding all the focus areas listed above to ensure that each focus area was covered during the onboarding process. The final question asked to all employees was if they felt the onboarding process prepared them for their current role and what would they change about the current onboarding process. This strategy was key in obtaining data points regarding each individual's onboarding experience, as well as what was covered, what was not covered, and which focus areas could be opined further to enhance the onboarding

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process. Additionally, individuals interviewed had onboarding dates back to 2018, which allowed Internal Audit to gain insight into the onboarding experience prior to COVID, during COVID, and after COVID, with the biggest difference being the onboarding process conducted in person, 100% online, and then a hybrid approach.

Employee Survey Observation Details

8/9 employees completed the survey in the given two-week period. The survey consisted of 10 multiple choice, 4 true / false, and one open response questions. The first two questions were opinion based with answers ranging from “strongly agree” to “strongly disagree” to gauge an employee’s viewpoint on the overall onboarding process and safety training. The next 12 questions were developed directly from the policy and procedural documentation obtained. These were used to gain insight into the employees understanding, or lack of understanding, of the current policies and procedures specifically. The final question was an open response, which not all employees filled out, to gain insight into which areas of the onboarding process could be improved from the employee’s perspective.

Our internal audit was conducted in accordance with the *International Standards for the Professional Practice of Internal Auditing*. The internal audit function at MD Anderson Cancer Center is independent per the *Generally Accepted Government Auditing Standards (GAGAS)* requirements for internal auditors.

Number of Priority Findings to be monitored by UT System: None

A Priority Finding is defined as “*an issue identified by an internal audit that, if not addressed timely, could directly impact achievement of a strategic or important operational objective of a UT institution or the UT System as a whole.*”

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APPENDIX B - Six Elements of Infrastructure

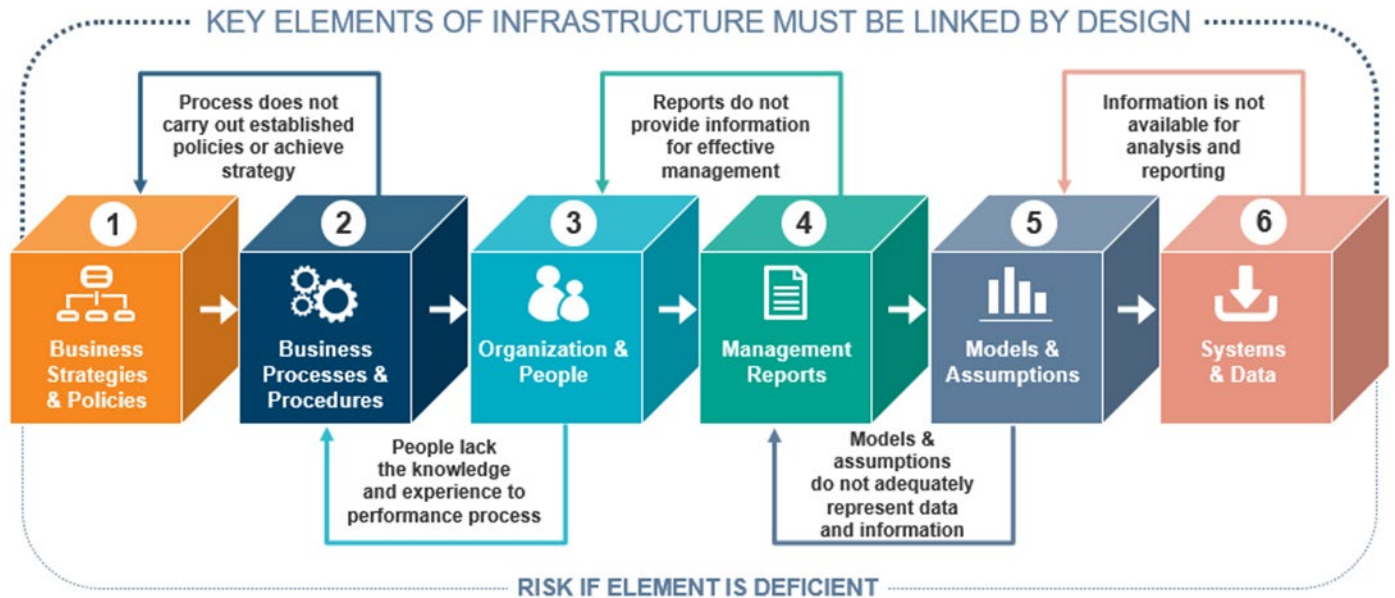


Figure 1: The **Six Elements of Infrastructure** above identifies the key components that must be considered to effectively manage risk within an organization. Use of this infrastructure helps organize the otherwise complex network of risk management activities into a comprehensive and consistent framework. The term “infrastructure” may be used interchangeably with “capabilities.” The Six Elements of Infrastructure is often combined with the Capability Maturity Model to assess the maturity of each key element.

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