

UNIVERSITY OF MEDICINE AND DENTISTRY OF NEW JERSEY  
AUDIT COMMITTEE REPORT AND EXECUTIVE SUMMARY  
January 7, 2009

Trustees: Bradford Hildebrandt, Chairman  
John A. Hoffman, Esq.  
Harold T. Shapiro, PhD.  
Maryann Christopher  
Anita Spivey, Esq. (via conference call)  
Robert Del Tufo, Esq.

Management: William F. Owen, Jr., MD, President  
Denise V. Rodgers, MD, Executive Vice President, Academic & Clinical Affairs  
Denise Mulkern, Senior Vice President, Finance  
Lester Aron, Esq., Senior Vice President & General Counsel of UMDNJ  
James J. Rowan, Chief of Staff (Vice President, Internal Audit & Investigations)  
Neil Schorr, Former Interim Vice President , Office of Ethics and Compliance  
Denise Romano, Vice President, IS&T  
John W. Ras, Director, Healthcare Internal Audit  
Francis X. Colford, Vice President of Finance and Treasurer  
Robin Wittenstein, Acting President & COO UH  
Tom Daly, CFO, UH  
Fred Cantz, Acting Director Financial and Operational Internal Audit  
Ted Brown, Esq. Director for Compliance Activities  
Kathy VanCamp, Senior Compliance Officer – NJMS  
Nancy Dean, Senior Compliance Officer, RWJMS  
Dara Quinn, Senior Compliance Officer, UH

Guests: James J. Maguire, PricewaterhouseCoopers, LLP  
Mike MacBryde, PricewaterhouseCoopers, LLP  
Karen Kassar, PricewaterhouseCoopers, LLP

- A. The December 3, 2008 Audit Committee Report and Executive Summary was presented and accepted with no changes.

- B. Mr. Maguire from PricewaterhouseCoopers ("PwC") presented the Internal Control observations and recommendations with Management's Response related to the 2008 A-133 Audit Report of Federal Awards for the Year Ended June 30, 2008 with updates to comments issued for the year ended June 30, 2007. Mr. Maguire noted the report on State awards identified similar issues and would be forthcoming. Mr. Maguire noted significant improvement in the nature and amount of the findings over prior years and noted that there were no material weaknesses or areas of non-compliance which resulted in a clean opinion.

Ms. Kassar summarized two areas that were identified as Significant Deficiencies, effort reporting and a cost transfer related to the research laboratory. Other areas with recommendations for improvement noted in the report were indirect cost rate application, reporting, equipment, cost transfers, cash management, fringe benefits and sub-recipient monitoring. In response to a question from Dr. Shapiro on effort reporting, Dr. Rodgers advised that a time and effort reporting system is being rolled out across the system. The committee requested that management refine their response to issue 08-3, Indirect Cost Rate Application and Mr. Hildebrandt requested a follow-up report on the status of all issues at the June Audit Committee meeting.

- C. Ms. VanCamp presented the results of six compliance reviews to the committee: two Physician Coding and Documentation reviews, an Incident-to Billing review of anesthesia and CRNA's, a review of History and Physical process in the Cardiac Catheterization Lab at UH, an MS-DRG review and a follow-up review of Post Acute Discharge transfer DRG's and Discharge planning. In response to a question by Mr. Hoffman on the timing of corrective action for addressing issues in the Post Acute Discharge transfer review, Ms. Wittenstein advised completion by the end of the first quarter. Ms. Christopher also recommended items from the Post Acute audit be discussed at the Quality Committee. Mr. Hildebrandt noted that overall improvement has been noted in the results of the coding and documentation reviews.
- D. Ms. Dean and Mr. Brown provided an Overview of Healthcare Laws presentation to the committee. The committee requested spot audits be conducted on the outside activities and disclosure process focusing on high risk areas.
- E. Ms. Mulkern provided an update on the Building and alterations activity via the chargeback process. Mr. Colford presented the revised cost transfer policy as well as an update on salary overpayments and reported that all employee terminations are now processed via the Electronic Personnel Action Form. Dr. Rodgers advised the committee that Faculty will also be transitioned to EPAF in the near future. Mr. Hildebrandt asked that an analysis be performed to determine what the cost is to the University to pursue recoupment of overpayments.
- F. Mr. Daly updated the committee on the plans for conducting the University Hospital 6/30/09 inventory. An RFP should be going out shortly to engage an outside vendor to conduct the count. In addition, an interim inventory will be conducted in April.
- G. At this point the Committee went into executive session.