

Everyone Makes Mistakes:

Trust but Verify

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No Disclosure

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Clinical Vice Chair Sept. 2008 – July 2011
 Acting Chair July – Dec 2011
 Chair Jan 2011 – Present

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Orientation: "You are responsible for all financial aspects of the department"

Talented Administrator
 CPA, Former Auditor
 Well thought of in URMC leadership



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Subject: Preliminary Meeting
Date: Tuesday, June 19, 2012 2:53:27 PM

Dear Dr. Eaton

The Office of University Audit (OUA) is beginning to finalize our FY 2013 audit plan. We would like to schedule some time with you (preferably in the second or third week of July) to discuss how the department of Anesthesiology falls into our agenda. A brief description of our anticipated work is provided below:

OUA is asked to perform "Due Diligence Reviews" for certain departments that expect to or have had a change in leadership. The Department of Anesthesiology has been identified by senior URMC management as a department that could benefit from this type of review.

Secondly, certain Anesthesiology expense transactions have been identified through our continuous auditing process. As such, we would also like to discuss these selected transactions as well as the Department's overall process for expense

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Initial meeting July 18th cordial
 One issue was Administrators expense reimbursements
 Will review paperwork

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Consequences

Admin: 3 years in federal prison
Restitution \$2.5M

Doctor #1: 2 years in federal prison
Restitution \$1.46
Forfeit of \$992k
Loss of CMS eligibility for 15 years
1 year loss of license after release + 5 yrs probation
Permanently precluded from billing in any setting

Doctor #2: Fired from job, but no legal or license action

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Consequences

For me:
"Tone at the Top"
Spent beginning of my term living down the stigma
Received "thanks" of other chairs for financial crackdown
Reputation of whole department suffered

UR:
Ultimately the University better off for developing internal and external controls.
Fraud insurance covered the loss (-\$75k)

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Lessons Learned

- Understand exactly what your responsibilities are re: finance.
 - Sit down with CFO
 - Know your institution's financial controls (in & out)
 - "Trust is not a control"
 - Get an audit

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