

**Performance Audit**

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**H**umanity  
**G**ifts  
**R**egistry

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**COMMONWEALTH OF PENNSYLVANIA**  
**Department of the Auditor General**  
**Bureau of State & Federal Audits**

**EUGENE A. DEPASQUALE, AUDITOR GENERAL**



Commonwealth of Pennsylvania  
Department of the Auditor General  
Harrisburg, PA 17120-0018  
Facebook: Pennsylvania Auditor General  
Twitter: @PAAuditorGen  
www.PaAuditor.gov

EUGENE A. DePASQUALE  
AUDITOR GENERAL

October 9, 2015

The Honorable Tom Wolf  
Governor  
Commonwealth of Pennsylvania  
Harrisburg, PA 17120

Bruce Hirsch, Ph.D., President  
Humanity Gifts Registry  
1015 Chestnut Street, Rm. 1221  
Philadelphia, PA 19107

Dear Governor Wolf and Dr. Hirsch:

This report contains the results of the Department of the Auditor General's performance audit of the Humanity Gifts Registry (HGR) for the period of July 1, 2012 through June 30, 2014, including follow-up procedures performed and concluded as of September 17, 2015. The audit was conducted pursuant to 35 P.S. § 1091. The audit was conducted in accordance with applicable generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our conclusions based on our audit objective. We believe that the evidence obtained provides a reasonable basis for our conclusions based on our audit objective.

We performed our audit to determine whether the HGR's receipts and disbursements were proper and in compliance with applicable laws and policies.

Our auditors found that the HGR's receipts and disbursements were proper and in compliance with applicable laws and policies. Therefore, we acknowledge that HGR adequately ensured compliance with applicable laws and policies. Although not considered a significant deficiency, one observation identifying the potential for improvement of HGR's accounting operations by automating existing processes is included in the report. According to HGR staff, implementation of such initiatives are currently in progress.

The Honorable Tom Wolf  
Bruce Hirsch, Ph.D.  
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We thank HGR for cooperating fully with our auditors throughout the execution of the performance audit.

Sincerely,

A handwritten signature in black ink, appearing to read "Eugene A. DePasquale". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Eugene A. DePasquale  
Auditor General

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## ***Background***

The Humanity Gifts Registry is a non-profit agency of the Commonwealth of Pennsylvania concerned primarily with the receipt and distribution of bodies donated to all medical and dental schools in the state for teaching purposes. The Humanity Gifts Registry, which we refer to as the HGR, formerly called the Anatomical Board, has been in existence since being created in 1883 by an act of the General Assembly.<sup>1</sup>

The HGR is comprised of all medical and dental schools in the Commonwealth. Representative faculty members from the departments that teach anatomy at these schools form an Executive Committee which serves without pay. Three faculty are elected to serve as officers for four-year terms for only nominal salaries. An office staffed by three employees manages the day-to-day affairs of the HGR and interacts with potential donors and their families.

The HGR receives cadavers through donations or when cadavers are not claimed by family or friends. The HGR coordinates the distribution of these cadavers among all medical and dental schools throughout the state for medical education and research. The HGR is the only organization in Pennsylvania which operates by specific legislative authority to receive bodies for education and research.

The following is a list of member schools:

- Drexel University College of Medicine
- Lake Erie College of Osteopathic Medicine (LECOM)
- Penn State College of Medicine (Hershey)
- Philadelphia College of Osteopathic Medicine (PCOM)
- Temple University
- Thomas Jefferson Medical College
- The Commonwealth Medical College
- University of Pennsylvania
- University of Pittsburgh

The member schools pay only for the actual expenses involved in obtaining and distributing the donated bodies. By law, these bodies and body parts must remain in Pennsylvania. No tissues are sold to researchers or commercial firms. After studies are completed, the bodies are cremated and the remains are interred in cemetery plots maintained by the HGR, and family members can visit their relatives' graves. Alternatively, when requested by the next of kin, the cremated remains can be returned to the family.

Each year the students who study anatomy at the member schools hold memorial Celebrations of Remembrance in Philadelphia, Pittsburgh, and Hershey. The families and friends of those who died and donated their bodies to education and science are invited to join the students in honoring their memories and thanking them for making such a selfless gift.

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<sup>1</sup> 35 P.S. § 1091 (Act 106 of 1883, as amended).

***Audit Procedures and Results – Humanity Gifts Registry Receipts and Disbursements are Proper and Comply with Laws and Policies***

To determine whether the Humanity Gifts Registry’s receipts and disbursements are proper and in compliance with the applicable laws<sup>2</sup> and policies<sup>3</sup>, we performed procedures on the receipts and disbursements for the fiscal years ended June 30, 2013 and June 30, 2014.

Our audit included analytical procedures to analyze accounts, detail substantive procedures (on selected items) to test receipts and disbursements, and to evaluate and test management controls.

The balances audited were as follows:

<b>Fiscal Year Ended</b>	<b>June 30, 2013</b>	<b>June 30, 2014</b>
Receipts	\$460,808	\$482,062
Disbursements	\$422,921	\$425,308

We did not identify any weaknesses in the management controls that we tested, did not identify any significant misstatements in financial information, and did not identify any noncompliance with applicable laws and policies.

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<sup>2</sup> See in particular 35 P.S. § 1091.

<sup>3</sup> “The Humanity Gifts Registry is a non-profit agency of the Commonwealth of Pennsylvania concerned primarily with the receipt and distribution of bodies donated to all medical and dental schools in the state for teaching purposes.”  
<http://hgrpa.com/>

## *Observation*

### **The Humanity Gifts Registry’s Manual Billing, Payments, and Account Reconciliation Processes are Time Consuming and Can Lead to Errors. However, HGR Board Members Have Initiated Action to Automate the Billing and Payment Processes Subsequent to Our Audit Period.**

Our audit of the Humanity Gifts Registry (HGR) for the period July 1, 2012 through June 30, 2014, disclosed that the billing, payment, and bank account reconciliation processes are manual and can lead to human error.

For example, our testing of 20 billings to medical colleges for cadavers disclosed:

- One bill, dated December 31, 2013, had a clerical error that led to a \$50 overpayment by a medical college.
- One bill, dated April 30, 2013, contained a \$5,000 credit for a duplicate payment made by a medical college in July 2011. While HGR staff discovered the error, it went uncorrected for over 18 months.

Also, we noted that the monthly checking account reconciliations were performed manually. Within the reconciliation document for the July 9, 2014 account statement, six outstanding checks remained uncashed for over six months. Given that these checks are stale-dated,<sup>4</sup> HGR should have taken action to resolve them. However, as of September 2015, HGR has yet to initiate any action.

Based on our communications with staff, HGR upgraded its accounting software in July 2015, and HGR performed its first automated billing during that period.

We commend the HGR board for recognizing the need to upgrade its accounting software in order to automate its billing, payment, and reconciliation processes. The upgrade should improve the accounting operations and reduce the risk of errors.

Further, we encourage the HGR board to follow through with full implementation of its upgraded accounting software to ensure monthly checking account reconciliations are fully integrated into its accounting software, including identifying and resolving stale-dated checks.

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<sup>4</sup> The legal definition of a stale-dated check is as follows: “A *document that is a promise to pay money that is held for too long a period of time before being presented for payment.* A check is considered to be stale when it is outstanding for a period of six months or more. A bank is not obligated to pay a stale check.” <http://legal-dictionary.thefreedictionary.com/Stale+Check>. Accessed on October 7, 2015.

## ***Appendix A: Audit Objective, Scope, and Methodology***

### **Objective**

The objective of this performance audit was to:

- Determine whether receipts and disbursements are proper and in compliance with applicable laws and policies.

### **Scope**

Our audit focused on the HGR's receipts and disbursements from July 1, 2012 through June 30, 2014, with follow-up procedures performed and concluded as of September 17, 2015, and was performed in accordance with applicable *Government Auditing Standards*, issued by the Comptroller General of the United States.

### **Methodology**

The methodology in support of the audit objectives included:

- Reviewing appropriate laws, policies, the prior audit report conducted by the Department of the Auditor General, and program and related information on the HGR's website (hgrpa.com).
- Performing analytical procedures on salaries, employee related taxes and benefits, and rent that included comparing rent payments recorded in HGR records to amounts due per the rental contract, and obtaining evidence of pay and benefit rates authorized for all HRG employees and recalculating amounts recorded in HGR records to ensure the accuracy of those disbursements.
- Performing analytical procedures on school charges (assessment for cadavers) that included comparing total assessments received to the number of cadavers billed to the schools, and reconciling HGR's accounting records of payments with independent expenditure reports filed with the Commonwealth of Pennsylvania for three of the nine medical schools that made payments to HGR.
- Testing of 28 selected receipts totaling \$145,160 from a population of \$921,450, and 20 selected disbursements totaling \$86,910 from a population of \$353,385, to evaluate compliance and management controls. The audit procedures included testing the propriety of the transactions to determine whether the transactions were in compliance with applicable laws and policies and testing the management controls over proper approval of transactions.



- Confirming the bank account balances as of July 9, 2014.
- Reviewing bank account reconciliation procedures and reviewing the checking account reconciliation for the statement date ended July 9, 2014, to determine adequate procedures are in place and functioning.

## *Distribution List*

The Honorable Tom Wolf  
Governor  
Commonwealth of Pennsylvania

The Honorable Karen Murphy  
Secretary  
Department of Health  
Commonwealth of Pennsylvania

Dr. Bruce Hirsch  
President  
Humanity Gifts Registry

Dr. Michael McGuinness  
Executive Secretary  
Humanity Gifts Registry

Dr. Nancy Minugh-Purvis  
Treasurer  
Humanity Gifts Registry

Ms. Rochelle Wells  
Administrator  
Humanity Gifts Registry

This report is a matter of public record and is available online at [www.PaAuditor.gov](http://www.PaAuditor.gov). Media questions about the report can be directed to the Pennsylvania Department of the Auditor General, Office of Communications, 229 Finance Building, Harrisburg, PA 17120; via email to: [news@PaAuditor.gov](mailto:news@PaAuditor.gov).