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OFFICE OF THE STATE COMPTROLLER
THOMAS P. DINAPOLI
COMPTROLLER

December 10, 2014

Honorable Thomas DiNapoli
Comptroller
110 State Street
Albany, New York 12236

Dear Comptroller DiNapoli:

In accordance with Section 170 of the Executive Law, I enclose Stony Brook University's 90-day response showing the actions taken to address the recommendations contained in the State Comptroller's audit report titled: Health Information Management Department – Selected Procurement and Human Resources Practices, Stony Brook University Hospital (#2012-S-38).

If you have any questions or would like any additional information, please contact me at 631-632-6267.

Sincerely,

Samuel L. Stanley Jr., M.D.
President

Copy: Chancellor Zimpher
Mr. Abbott



The State University
of New York

Stony Brook University Hospital
Report 2012-S-38: Health Information Management Department –
Selected Procurement & Human Resources Practices
Status of Audit Recommendations as of December 10, 2014

Recommendations

1. **Develop policies and procedures that effectively separate the duties between end users involved in the procurement process and purchasing officials. Take steps that help ensure all employees involved in the procurement process adhere to applicable State and SUNY guidelines.**

Status: Implemented. The Hospital agrees that these duties should be properly segregated. However, the technical expertise possessed by end-user departments is essential to ensure that the procurement process results in the selection of a service provider that meets the Hospital's functional and operating requirements. The Hospital strives to achieve the proper balance between end-user participation in the process and the duties of the purchasing function.

To improve the segregation of duties in cases similar to the one described in the audit, when an award is projected to be made to other than the low bidder the purchasing officer will independently verify the results of reference checks performed by the end-user department. In the event that variances are identified, the purchasing officer will notify the assistant director of purchasing who will review the matter further to ensure accuracy and completeness of the procurement record and to verify the appropriateness of the proposed award.

2. **Reassess the Department's contracts to ensure key provisions are properly monitored, including the "no off-shore outsourcing" contract clause.**

Status: Partially Implemented. In the fourth quarter of 2012, the Department resumed monitoring of the "no off-shore outsourcing" clause in the Focus Informatics contract using the reports described in the audit. In November 2013 the contract was awarded to a different service provider and monitoring using these reports continued uninterrupted. The Hospital continues to reassess the Department's contracts and monitoring procedures, based on risk and resource availability, to ensure that key provisions are properly monitored and that service providers comply with these contract requirements

3. **Properly monitor the SK contract to ensure the vendor is paid only for services that are necessary and actually rendered. Such steps should include, but not be limited to, ensuring there are no duplicate billings and independently tracking medical records sent to SK for storage rather than relying entirely on information provided by the vendor.**

Status: Implemented. Department leadership implemented a new procedure effective August 2013 for the reconciliation of SK Archives invoices prior to payment. The Hospital reviewed these procedures in fall 2014 and found them to be operating effectively, providing reasonable assurance that the service provider is paid only for services that are necessary and actually rendered.

4. **Perform a comprehensive review of payments made to SK during our audit period (and thereafter, as appropriate). Recoup any payments for services not provided by SK.**

Status: Partially Implemented. The Hospital reviewed SK invoices for “purge” charges and recovered \$35,000 from SK for charges that were not for actual purges. As recommended, the Hospital attempted to perform a broader retrospective review of payments made to SK during the audit period. The review could not be completed because as observed in the audit report the Department did not maintain sufficient independent documentation during that period to allow for an effective reconciliation. However, as indicated under Recommendation #3, in August 2013 HIM updated their reconciliation process and improved the related supporting documentation and the Hospital has found the current process to be operating effectively.

5. Conduct periodic reviews independent of the Department to ensure payments made to all vendors are properly reconciled.

Status: Implemented. Using a risk based approach, the Hospital reviewed the Department’s reconciliation procedures for five high-dollar service contracts and found that they provide reasonable assurance that the service provider is paid only for services that are actually rendered. The review of a sixth high-dollar contract is nearly complete. The Hospital will continue to perform independent reviews of Department contracts based on risk and resource availability.

6. Change the control environment within the Department to one that cultivates fair and competitive hiring and promotional practices and fully complies with the Hospital policies such as the Waiver of Recruitment.

Status: Implemented. The University is in the process of implementing an electronic, semi-automated system for tracking employment applications and monitoring the search and selection process. As part of this implementation, the University, Hospital and Veterans Home Human Resources Offices determined that policies associated with search and selection and exceptions to search should be revised. An “exception to search” procedure, has been created outlining the conditions under which such requests are appropriate as well as the criteria that must be met in order for the request to be approved. This procedure is being incorporated into a revised recruitment policy that is being finalized by the three Human Resources Offices. “Exception to search” requests from Hospital departments require approval by the Hospital’s chief human resources officer prior to submission to the Office of Diversity and Affirmative Action (ODAA). No such requests have been approved by the Hospital and submitted to ODAA since the implementation of this procedure in June 2013. The Hospital will continue to ensure that the Department complies with applicable procedures.

In response to the Hospital’s growth, in 2014, changes were made to the organizational structure of the HIM Department. A new leadership position, Director of Revenue Integrity was created to oversee the day to day operations of HIM as well as a newly created Revenue Integrity Department. The HIM Director reports directly to the Director of Revenue Integrity. The entire coding function that previously was part of HIM has shifted to the Revenue Integrity Department. Accordingly, the coding personnel referred to in the audit report, including the Associate Director, no longer report to the HIM Director. The HIM Director has no authority in regards to salary adjustments or promotional activities of any

coding staff, however, she still has this responsibility for the remaining HIM staff. Any proposed salary/promotional changes for HIM staff approved by the HIM Director also require the subsequent approval of the Director of Revenue Integrity and Hospital Human Resources as appropriate.

7. **Require HR and ODAA to carefully monitor transactions submitted for their approval, including those submitted by the Department, to ensure they fully comply with relevant hiring policies.**

Status: Implemented. Hospital Human Resources and the ODAA continue to carefully monitor transactions submitted for their approval for compliance with relevant search and selection policies and to look for areas where additional tightening of control is needed. As indicated in response to Recommendation #6, no “exception to search” requests have been approved by the Hospital and submitted to ODAA since the implementation of this procedure in June 2013. In addition, the Hospital has reviewed all hires, rehires and promotions in the Health Information Management and Revenue Integrity Departments from June 2013 to present and confirmed that in all cases, minimum qualifications were met by the successful candidates.

8. **Train all staff involved in the hiring and promotion processes on the appropriate policies and procedures, including the appropriate way to complete and maintain required forms and the proper use of the Waiver of Recruitment.**

Status: Partially Implemented. The Hospital continues to reinforce hiring and promotion policies and procedures with appropriate staff and has provided specific instruction to key Human Resources personnel that minimum educational and experience qualifications cannot be waived under any circumstances. There have been no waiver requests submitted to ODAA on behalf of a search taking place in HIM or Revenue Integrity since June 2013; the Hospital has not utilized the “exception to search” procedure since that time.

In addition, all hiring managers (from department heads to senior executives) and hiring manager assistants (including HIM and Revenue Integrity leadership) will receive training on the use of the electronic, semi-automated applicant tracking system that is soon to be implemented. In addition to technical training, the users will be trained on related process and policy revisions. Search committee chairs will receive separate training from the ODAA on equal employment opportunity and search and selection policy.