STATE OF NEW YORK
DEPARTMENT OF HEALTH

Corning Tower The Governor Nelson A. Rockefeller Empire State Plaza Albany, New York 12237

Richard F. Daines, M.D.
Commissioner

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Chief of Staff

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Office of the State Comptroller
JAN 16 2008
Lynn Canton
Deputy Comptroller

Lynn Canton, Deputy Comptroller
Office of the State Comptroller
State of New York
110 State Street
Albany, New York 12236

Dear Ms. Canton:

Pursuant to the provisions of Section 170 of the Executive Law, I hereby transmit to you a copy of the New York State Department of Health's comments related to the Office of the State Comptroller's final audit report 2006-S-49 on "Helen Hayes Hospital Selected Financial Management Practices."

Sincerely,

Richard F. Daines, M.D.
Commissioner of Health

Enclosure

Department of Health
Comments on the
Office of the State Comptroller's
Final Audit Report 2006-S-49 on
"Helen Hayes Hospital Selected
Financial Management Practices"

The following are the Department of Health's (Department) comments in response to the Office of the State Comptroller's (OSC) final audit report 2006-S-49 on "Helen Hayes Hospital Selected Financial Management Practices."

Recommendation #1:

Take steps to ensure that per diem payroll transactions are properly authorized and are in full compliance with all requirements, particularly Sections 134(1) and 135 of the State Civil Service Law and the affiliation agreement with NYPH. At a minimum, Hospital officials should:

- fully disclose to the Department of Civil Service and the Division of the Budget the nature and extent of their per diem payroll transactions and obtain explicit authorization for the transactions, and

- discontinue the practice of (a) making per diem payments to employees for overtime hours worked and (b) making per diem payments to employees who have charged accrued leave and are working their regularly scheduled hours.

Response #1:

All Helen Hayes Hospital (HHH) per diem transactions are reviewed and approved by the Department of Civil Service and the Division of Budget. Additionally, effective February 2007, HHH has eliminated paying staff per diem rates for overtime hours worked. HHH will not make per diem payments to employees who charge accrued leave and work their regularly scheduled hours, although it is relevant to note that the single occurrence identified by the OSC was unique and in response to an emergency situation and not a common practice.

Recommendation #2:

Ensure that employees comply with procedures requiring them to sign in and out when they report to and leave work.

Response #2:

On May 24, 2007, a new time clock system was implemented requiring all Civil Service Employees Association, New York State Correctional Officers and Police Benevolent Association and clerical staff to swipe in and out daily. All other eligible staff will be

utilizing the system by February 1, 2008, although it should be noted that staff represented by the Public Employees Federation (PEF) are exempt from these timekeeping requirements. HHH does not have the authority to require PEF staff to sign in and out, but will continue to monitor and enforce the existing timekeeping rules and regulations.

Recommendation #3:

Take steps to improve the accuracy of the records used by nursing supervisors to approve employees' time sheet entries.

Response #3:

A new Electronic Nursing Scheduling System will be implemented for the Nursing Department. A firm has been selected utilizing the State procurement process for the purchase, with the system expected to be fully operational by April 1, 2008.

Recommendation #4:

Recover the remaining outstanding duplicate payments and take action to address the other minor weaknesses in accounts payable practices discussed during the audit.

Response #4:

The following table contains a summary of the vendor payments recovered.

Vendor	Amount	Check Date	Status
Datek Ohmeda	$1,017.00	11/30/06	Recovered
Jensen Tools	$ 64.56	9/20/06	Recovered
Biersdorf-Jobst	$ 162.98	11/9/06	Recovered
ARJO	$1,139.82	9/15/06	Recovered
Ross Products	$1,506.89	6/25/06	Recovered
Sub -Total	$3,891.25		
Office Depot	$ 444.88	9/25/06	Recovered
Office Depot	$1,766.10	Applied to open invoices	
Sub -Total	$2,210.98		
Medtel Outcomes	$2,349.00	Voided by Treasury	

To address the minor weaknesses discussed during the audit, all accounts payable staff are formally trained on the features and use of the Meditech system utilized to internally process invoices for vendor payments. These staff are additionally trained on OSC purchasing rules and regulations, and furnished updates to OSC purchasing and payment bulletins as well as changes and updates to the Meditech system.

Additionally, the Accounts Payable Director conducts monthly staff meetings to review, discuss and address relevant issues. All accounts payable staff are evaluated annually regarding their job performance and as part of the evaluation they must maintain competencies necessary for the effective performance of their job tasks.