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STATE OF NEW YORK
OFFICE OF THE STATE COMPTROLLER

February 9, 1998

Dr. John W. Ryan
Chancellor
State University of New York
State University Plaza
Albany, New York 12246

Re: Report 96-F-21

Dear Dr. Ryan:

Pursuant to the State Comptroller's authority as set forth in Section 1, Article V of the State Constitution and Section 8, Article 2 of the State Finance Law, we have reviewed the actions taken by officials of the State University of New York Health Science Center at Stony Brook, as of July 31, 1997, to implement the recommendations included in our prior audit report 92-S-66. Our prior report, which was issued January 20, 1994, examined selected expenditure controls pertaining to the operation of the University Hospital at the Stony Brook Health Science Center.

Background

The State University of New York (SUNY) operates health science centers at Stony Brook, Brooklyn, and Syracuse. These centers provide professional education, patient care and biomedical research. The Health Science Center at Stony Brook operates a 536 bed teaching hospital (Hospital) that provides both inpatient and outpatient services, including specialized treatment for AIDS, burns, kidney ailments, and sleep disorders. During fiscal year 1996-97, the Hospital discharged more than 26,000 inpatients, while almost 295,750 patients visited its ambulatory care pavilion. During this same period, 38,843 patients were treated in the Hospital's emergency room. The Hospital has almost 3,200 full-time equivalent staff positions. During the 1996-97 fiscal year, the Hospital expended \$142 million for personal service costs.

Summary Conclusions

Our prior audit found that certain Hospital purchasing practices could be improved. In addition, the prior audit found that the Hospital was not adequately controlling payroll costs for oncall and recall services, and was making unnecessary payments to some employees.

In our follow-up review, we found that the Hospital has made progress in implementing the

recommendations contained in our prior report. The Hospital has taken steps to ensure that its purchasing practices comply with good business practices and that the appropriate supervisors and employees are focusing on reducing unnecessary personnel expenses. However, the Hospital did not deem it appropriate to recover payments made in error to certain employees.

Summary of Status of Prior Recommendations

Of the seventeen prior audit report recommendations, the Health Science Center at Stony Brook has fully implemented thirteen, partially implemented one and did not implement three.

Follow-Up Observations

Recommendation 1

Schedule staff for oncall status only when the need has been established.

Status - Implemented

Agency Action - Staff are now scheduled for oncall status only when the need has been established. All of the employees in a selected follow-up sample worked recall during the period which they were scheduled for oncall, or were paid recall for the prior period worked.

Recommendation 2

Review the cases of employees who were paid for recall time within one hour of the end of their workday, and determine whether this time should be classified as overtime.

Status - Not Implemented

Agency Action - In April 1994 Stony Brook officials responded that they agree with all findings and have taken appropriate actions to correct procedural deficiencies. However, officials stated that they were not going to attempt to reclaim any inappropriate on call or recall payments because they believed such payments were made in good faith, on the basis of individual contract interpretations. They further indicated that now they have a campus-wide on call/recall policy and any future procedural violations will be subject to reclamations.

Auditors' Comment - Investigation and recovery of any unwarranted payments should have taken place at the time of the prior audit report. Because so much time has transpired, it may no longer be reasonable or feasible to make a recovery.

Recommendation 3

Recover recall overpayments made to employees when overtime compensation would have been more appropriate.

Status - Not Implemented

Agency Action and Auditors' Comment - See Recommendation 2.

Recommendation 4

Ensure that supervisors are aware of and properly implement the contract provisions relating to overtime and recall.

Status - Implemented

Agency Action - The Health Science Center at Stony Brook is ensuring that supervisors are aware of and are properly implementing the contract provisions relating to overtime and recall. These contract provisions are incorporated into Stony Brook's Administrative Policies and Procedures Manual Oncall/Recall Policy, dated October 1, 1993. Our review indicates that the supervisors are now implementing the contract provisions relating to overtime and recall as well.

Recommendation 5

Ensure that drivers are recalled only for services directly related to patient care.

Status - Implemented

Agency Action - Based upon a review of a selected sample of Motor Vehicle Operators' (MVO) Time and Attendance Sheets, which indicate the time and the type of service performed, we determined that the Health Science Center at Stony Brook is now ensuring that drivers are recalled for services directly related to patient care.

Recommendation 6

Require that oncall employees are recalled to work before other employees are recalled.

Status - Implemented

Agency Action - We determined, based upon a review of the Administrative Policies and Procedures Manual, that the Health Science Center at Stony Brook is requiring that oncall employees are recalled to work before other employees are recalled.

Recommendation 7

Pay PEF and CSEA employees for oncall service in accordance with union contract terms; that is, for actual hours scheduled.

Status - Implemented

Agency Action - Based upon of a sample of employees' time records and payroll information, we determined that the Health Science Center at Stony Brook is now paying PEF and CSEA employees for oncall service in accordance with union contract terms; that is, for actual hours scheduled.

Recommendation 8

Limit employees who are recalled more than once in a four-hour period to four hours' pay unless they have actually worked more than four hours.

Status - Implemented

Agency Action - Based upon a sample of employees' time sheets, we determined that the Health Science Center at Stony Brook currently limits employees who are recalled more than once in a four-hour period, to four hours' pay, unless they have actually worked more than four hours.

Recommendation 9

Do not schedule employees who charged sick leave during their regular shift for oncall status.

Status - Implemented

Agency Action - Based upon a sample of employees in the Labor and Delivery Unit, we determined that employees who charged sick leave during their regular shift were not scheduled for oncall status.

Recommendation 10

Discontinue the practice of paying employees for both oncall status and recall service simultaneously.

Status - Implemented

Agency Action - The Health Science Center at Stony Brook has discontinued the practice of paying

employees for both oncall status and recall simultaneously. Our sample of operating room employees' time sheets and payroll records revealed that the payment of oncall hours is reduced by the number of recall hours worked.

Recommendation 11

Require department supervisors to submit schedules of normal shifts for their UUP employees to both the Time and Attendance Unit and the Payroll Department.

Status - Partially Implemented

Agency Action - The Health Science Center at Stony Brook is requiring department supervisors to submit schedules of normal shifts for their UUP employees to the Time and Attendance Unit, but not to the Payroll Department. It is Stony Brook's contention that submitting schedules only to Timekeeping is sufficient because the Time and Attendance Unit is the administrative unit responsible for auditing the accuracy of the hours recorded on employees' time sheets.

Auditors' Comment - We believe that the submission of schedules of normal shifts for UUP employees to both the Time and Attendance Unit and the Payroll Department is a necessary control mechanism, which reduces the risk of inaccurate calculations of overtime and recall hours which was found in our prior audit.

Recommendation 12

Ensure that all UUP employees are paid for the correct number of recall hours.

Status - Implemented

Agency Action - A sample of Operating Room employee's time sheets and payroll records revealed that the Health Science Center at Stony Brook is now ensuring that all UUP employees are paid for the correct number of recall hours. Our review determined that the recall hours reported on the payroll were correctly calculated on the Time and Attendance Sheet.

Recommendation 13

Recover all improper overpayments made to employees.

Status - Not Implemented

Agency Action and Auditors' Comment - See Recommendation 2.

Recommendation 14

Comply with SUNY purchasing procedures and guidelines for approval of sole source purchases and soliciting of bids.

Status - Implemented

Agency Action - Based upon our review of a sample of purchasing transactions, we determined that the Health Science Center at Stony Brook is now complying with SUNY purchasing procedures and guidelines for the approval of sole source purchases and solicitation of bids.

Recommendation 15

Do not split purchases into multiple transactions to circumvent bidding requirements.

Status - Implemented

Agency Action - We reviewed a sample of transactions in order to determine if purchases are split into multiple transactions to circumvent bidding requirements. Our review, which included tests that would detect split ordering, revealed no evidence of split purchases.

Recommendation 16

Do not purchase goods and services until the transaction is approved by the Purchasing Department.

Status - Implemented

Agency Action - Our review of selected transactions determined that the Health Science Center at Stony Brook is now purchasing goods and services only after the transaction is approved by the Purchasing Department.

Recommendation 17

Ensure that expenditures are coded in accordance with the SUNY accounting guideline manual.

Status - Implemented

Agency Action - The Health Science Center at Stony Brook is now ensuring that expenditures are coded in accordance with the SUNY accounting guideline manual. Our review of a selected sample of transactions revealed that the codes entered on the purchase orders matched the description contained on a master list of expense codes.

Major contributors to this report were Anthony Carbonelli and Gennaro John Petillo.

We would appreciate your response to this report within 30 days indicating any additional action you have planned or have taken to address any unresolved matters discussed in this report. We thank the management and staff at Stony Brook University Hospital for the courtesies and cooperation extended to our staff during this review.

Very truly yours,

Jerry Barber
Audit Director

cc: Donna Arduin