



CITY OF NEW YORK
OFFICE OF THE COMPTROLLER
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AUDIT

BUREAU OF AUDIT

December 20, 2021

By Electronic Mail

Dr. Dave A. Chokshi, Commissioner
NYC Department of Health and Mental Hygiene
42-09 28th Street
Long Island City, NY 11101

Meisha Porter, Chancellor
NYC Department of Education
52 Chambers Street
New York, NY 10007

Re: Office of School Health's Management of Contract Nursing Assignments

Dear Commissioner Chokshi and Chancellor Porter:

I write to provide you with a summary report of the investigation the New York City Comptroller's Office conducted of the City's payments to vendors for contract school nursing services, including our recommendations to mitigate the identified risks of waste. In this investigation, the Department of Education (DOE) and Department of Health and Mental Hygiene (DOHMH), jointly through the Office of School Health (OSH), collaborated with our staff to identify likely causes of billing discrepancies and seek solutions to prevent them going forward. Our recommendations include further steps to consolidate and build on the progress your respective agencies have made in addressing the issues.

Summary of Findings

- DOE's payments to vendors totaled over \$130 million for more than 400,000 contract nursing assignments over the nearly three-year period from July 1, 2016 through March 28, 2019.¹
- Because OSH did not require vendors to submit timesheets for most nursing assignments, the DOE paid \$53,593,287 (approximately 41 percent of total payments) without verifiable evidence that the corresponding services had been provided.

¹ While DOE and DOHMH are jointly responsible for OSH's operations, DOE approves the payments and causes the checks to be issued. DOE thereafter charges DOHMH for a portion of the expenses.

- Because DOE's payments were based on pre-scheduled nursing assignments, rather than on services detailed in timesheets, the payments often reflected uncorrected discrepancies between services scheduled and services provided. For example, the DOE paid vendors who billed for services using the scheduled nurse's name even though the vendor's timesheets indicated that a different nurse provided the service.
- Because OSH's scheduling and payment systems lacked necessary edit and input checks, vendors billed and the DOE paid for precluded activities, such as
 - double-coverage of a single school by two contract nurses on the same day;
 - unallowable combinations of assignments to one nurse on a single day; and
 - incorrect, excessive, and overlapping workhours (start and end times).

Corrective Actions Taken by OSH

OSH acknowledged deficiencies during the investigation and reported that it implemented the following changes to its systems and procedures because of this investigation:

1. OSH now obtains, reviews, and reconciles timesheets for all types of nursing assignments.
2. OSH now updates DOHMH's scheduling system, known as the Agency Nurse Tracking system (ANT), to ensure that the nursing assignment data it contains is supported by timesheets before transmitting such data from ANT to DOE's Vendor Portal payment system, known as VPortal, and before it approves payment for the services.
3. ANT and VPortal each now include edits to identify and prevent scheduling and billing errors, including overlapping assignment start and end times for a single contract nurse on the same day.

Recommendations

In addition to these steps already taken by OSH to address issues raised by this investigation, the Comptroller's Office further recommends that OSH:

1. Identify all instances of past overbilling and overpayment;
2. Recoup any overpayments;

3. Establish audit and review procedures to ensure the ongoing performance and monitoring of corrective actions already implemented during the investigation;
4. Publish the list of allowable and unallowable combinations of nursing services to its staff and vendors together with the criteria and procedure for allowing any exceptions;
5. Verify that ANT prohibits the scheduling of unallowable combinations; and
6. Monitor billing to ensure revised processes and systems are working to prevent instances of overbilling and overpayment.

INVESTIGATIVE REPORT

Nurses and Nursing Assignments

Although OSH employs permanent staff nurses to provide nursing coverage in schools, it must also rely on contract nurses to cover various nursing assignments. Contract nurses cover six types of school nursing assignments (coverage types):

1. Transportation: a nurse accompanies a child during transportation to and from school to provide any urgently needed skilled nursing services;
2. One to One: a nurse works exclusively with one student during the school day to provide skilled nursing services;
3. After School: a nurse serves one or more students who have skilled nursing needs and are participating in a school sponsored program for after school activities;
4. School Trip: a nurse accompanies a student group on a school-sponsored outing when one or more students require skilled nursing needs;
5. School Coverage: a nurse services the student population at the school; and
6. Special Events: includes events not covered by any of the five other coverage types, including, but not limited to, when:
 - (a) a nurse provides school coverage during a staff nurse's training;
 - (b) a nurse provides additional school coverage in a busy school;
 - (c) a nurse serves one or more students during a school event that occurs outside of regular school hours; or
 - (d) a nurse assigned to a nurse-dependent student for a sports event.

A contract nurse generally works up to seven hours per day covering one nursing assignment; however, a contract nurse may also work more than seven hours per day covering more than one assignment. In addition, a contract nurse may also work more than 7 hours and up to a maximum of 18 hours per day covering a school trip assignment that extends into the evening or overnight hours.

When a contract nurse is scheduled to cover two nursing assignments in one day, OSH refers to the two assignments as a combination of nursing coverage or a “coverage combination.” Allowable coverage combinations are pairs of nursing assignments OSH permits one contract nurse to cover in a single day.² Unallowable coverage combinations are pairs of nursing assignments that cannot be covered by one nurse on the same day during the time periods associated with the assignments.³ Figure 1 lists allowable and unallowable coverage combinations for a single nurse for a single day.

Figure 1: Allowable and Unallowable Coverage Combinations

Coverage Combinations	Allowable? (Y/N)
School Coverage + Transportation	Y
School Coverage + One to One	N
School Coverage + School Trip	N
School Coverage + After School	Y
School Coverage + Special Events	N
Transportation + One to One	Y
Transportation + School Trip	Y
Transportation + After School	Y
Transportation + Special Events	Y
One to One + School Trip	N
One to One + After School	Y
One to One + Special Events	N
School Trip + After School	Y
School Trip + Special Events	N
After School + Special Events	Y

Source: Table completed by DOHMH with color added by the Comptroller’s Office

² While neither DOE nor DOHMH explicitly defined the term “allowable combination,” they provided examples of pairs of assignments that one nurse can be assigned on the same day.

³ Unallowable nursing assignment combinations include instances where a single nurse had multiple jobs (e.g., 1 to 1 and school coverage or two school coverage) on the same date at the same school or two nurses were assigned to the same school to do the same job. According to OSH, exceptions can be made on a case-by-case basis for certain unallowable coverage combinations, but vendors must obtain OSH approval in advance.

Scheduling and Billing of Nursing Assignments

OSH uses DOHMH's ANT system to schedule, manage, and update all contract nursing assignments. An OSH Contract Liaison contacts a vendor when a school needs a contract nurse. When the vendor confirms it will send a contract nurse, the Contract Liaison enters information in ANT, including the name of the contract nurse who will cover the nursing assignment. If there is a change in an assigned nurse and the originally assigned contract nurse is not the nurse who eventually covers a nursing assignment, the vendor must notify the Contract Liaison who will update ANT accordingly.

Contract nurses are responsible for maintaining hard copy timesheets for the duration of each nursing assignment. The school principal or other authorized personnel must review, approve, and sign the timesheets upon completion of each nursing assignment. The vendor who provides the contract nurse submits copies of the timesheets to OSH for review. OSH reviews the submitted timesheets to ensure that the information contained within them is consistent with the data previously entered into ANT by the Contract Liaison.⁴ OSH transmits ANT data to VPortal, the system OSH utilizes to process vendor invoices and payments.

A vendor bills for nursing assignments by creating an invoice in VPortal. VPortal contains edit checks designed to validate vendor entries against the transmitted ANT information. If the information a vendor submits to VPortal does not match the data VPortal received from ANT, VPortal will not authorize payment for the nursing assignments. If a vendor's billing entries match the transmitted ANT data in VPortal, then payment is authorized and issued to the vendor.⁵

Findings

1. OSH Failed to Conduct a Prepayment Review of Timesheets and Billing

At the time the Comptroller's Office commenced its investigation, OSH did not conduct a prepayment review of all contract nurse timesheets and billing before issuing payments to vendors. Instead, OSH only obtained, reviewed, and reconciled timesheets to ANT scheduling data for two of the six types of nursing assignments, School Coverage and Special Events, and did not require vendors to submit timesheets to OSH for the four other coverage types of nursing assignments.

OSH's failure to require vendors' submission of timesheets for 4 of 6 coverage types resulted in the City paying for 52 percent of all nursing assignments, totaling \$53,593,287, from July 1, 2016

⁴ When a timesheet contains fewer hours for a nursing assignment than approved in ANT, OSH staff will reduce the number of hours in ANT. When a timesheet includes more hours than originally scheduled and approved, OSH staff will adjust the hours in ANT, but only if OSH has approved the additional hours.

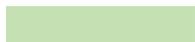
⁵ VPortal interfaces with the Financial Accounting Management Information System (FAMIS), an internal automated financial system used by DOE staff, which links all financial accounting transactions.

through March 28, 2019, without assurance that the services for which it had paid had been provided. Figure 2 illustrates the breakdown of the number of assignments and amounts paid to vendors by coverage type for the period reviewed during this investigation including those paid without vendor timesheet submission and review.

Figure 2: Total Assignments the City Paid Vendors for from July 2016 to March 2019

Coverage Types	Number of Assignments	Percentage of Total Assignments	Amount Paid Per Coverage Type	Percentage of Total Amount Paid
School Coverage	220,456	47%	\$76,754,258	59%
Special Events	1,237	<1%	\$439,893	<1%
Subtotal	221,693	48%	\$77,194,151	59%
Transportation	150,988	32%	\$25,844,851	20%
One to One	73,124	16%	\$23,712,460	18%
School Trips	11,872	3%	\$2,976,181	2%
After School	6,997	1%	\$1,059,795	1%
Subtotal	242,981	52%	\$53,593,287	41%
Total	464,674	100%	\$130,787,438	100%

Source: Data provided by OSH, percentages added by the Comptroller's Office

 = OSH Required Vendors to Submit Timesheets for Review
 = OSH Did Not Require Vendors to Submit Timesheets for Review

A contract nurse's timesheet, when signed and verified by a school principal, provides a corroborated record establishing that he or she was physically present for the covered assignments. However, by not requiring vendors to submit timesheets for four coverage types, OSH failed to verify whether in 52 percent of the nursing assignments:

- the scheduled contract nurses or any contract nurses covered the nursing assignments for the number of hours scheduled;
- the school principals' signatures were present on contract nurses' timesheets;
- vendors received contract nurses' timesheets before billing for nursing assignments;
- vendors properly billed for nursing assignments; and
- OSH paid vendors for assignments that were actually covered by contract nurses.⁶

⁶ The Comptroller's Office previously uncovered issues with timesheet collection and review of vendor billing for contracted school services. In an August 2017 audit report, *Department of Education's Controls over Payments to Providers of Related Services to School-Aged Students*, the Comptroller's Office found that DOE's total reliance on its vendors to produce selected timesheets without attempting to verify their authenticity, and the absence of supervisory review exposed DOE to increased risk that erroneous and fraudulent billing could occur and go undetected. https://comptroller.nyc.gov/wp-content/uploads/documents/MD16_117A.pdf.

2. A Lack of Human Checks and System Controls Resulted in Undiscovered Workhour Discrepancies in over 54,000 Assignments

Billing and payment data for the period of July 1, 2016 to March 28, 2019 showed that the City paid vendors for nursing assignments with workhour discrepancies. The investigation identified 150 instances of excessive hours (over 18 hours) billed per contract nurse for a single day. In addition, the investigation identified over 50,000 overlapping assignments where the start and end times of one nursing assignment overlapped with another billed nursing assignment on the same day for the same contract nurse.

a. OSH Failed to Identify Excessive Hours Billed

The City paid vendors for 552 nursing assignments that, when combined, resulted in 150 times in which vendors were paid for excessive hours—18 hours or more billed under one contract nurse’s name in a single day. The vendors were able to bill excessive hours because of a lack of both system controls and OSH’s limited manual review of timesheets and billing.

During the investigation, OSH stated that it obtained and reviewed the timesheets for 551 (99 percent) of the 552 nursing assignments and found the billed assignments of over 18 hours in a day were covered by the nurse identified as scheduled in ANT in only 234 of the 552 nursing assignments.⁷ For 315 of the 552 nursing assignments, OSH found that the vendors had billed the nursing assignments under the wrong nurses’ names, and that a single nurse had not actually worked excessive hours as recorded in ANT. OSH determined that it overpaid \$1,220 to vendors for the remaining 3 of the 552 nursing assignments either because the vendor did not submit a timesheet to support the payment for the nursing assignment or the timesheet that was submitted did not support the hours billed for the nursing assignment.

Although OSH found only a small number of overpayments in the 552 nursing assignments, the lack of internal controls that led to vendors being paid for excessive hours increased the risk that erroneous and fraudulent billings could occur and go undetected without adequate and timely reviews.

OSH acknowledged that at times, ANT may not have been updated to reflect contract nurses who had changed nursing assignments. We identified three possible reasons for the lack of updated information:

⁷ OSH sought to review the timesheets for all 552 assignments. However, according to OSH, it could only review 551 timesheets because the vendor did not provide the missing timesheet.

1. The vendor failed to notify OSH of the changes;
2. The vendor notified OSH of the changes, but a Contract Liaison failed to update ANT; or
3. After either the vendor failed to notify the Contract Liaison of the change or the Contract Liaison failed to make the change in ANT, OSH did not obtain, review, and reconcile all timesheets and ensure that ANT data was appropriately updated.

Because ANT was not updated to reflect the change in the assigned contract nurse, it electronically transmitted incorrect nursing assignment data to VPortal. Consequently, VPortal, which lacked a system edit to identify excessive hours billed for a single contract nurse for a single day, relied on incorrect ANT data when validating vendor billing entries.

b. OSH Failed to Review over 53,000 Overlapping Nursing Assignments

The City paid vendors for 53,822 nursing assignments for which the start and end times for two assignments billed under a single contract nurse's name overlapped on the same day. The overlap in hours billed per nurse was able to occur as a result of inadequate system controls in the ANT and VPortal systems and because OSH did not conduct prepayment reviews of timesheets and billing. The overlapping assignments were reported to OSH during the investigation. OSH acknowledged the existence of the overlapping assignments, provided a breakdown of the overlapping nursing assignments, and reported additional issues with overlapping assignments.⁸ Figure 3 shows the breakdown of the overlapping nursing assignments.

⁸ DOHMH analyzed the file of 53,822 nursing assignments with overlapping hours. It focused on FY 2019 and tested 1,313 nursing assignments of the largest two nursing vendors. OSH reported that it compared the timesheets of selected nurses to the VPortal hours worked, nurse name and school name. OSH also verified that the timesheets had the nurses' signature, school signature, and parent/guardian signature.

Figure 3: OSH’s Breakdown of Overlapping Nursing Assignments

Overlapping Assignments Vendors Billed	Total Assignments	Assignments Tested	Assignments Not Tested
Allowable coverage combination of assignments	48,514 (90%)	1,002 (2 %)	47,512 (98 %)
Unallowable coverage combination of assignments	3,103 (6%)	283 (9%)	2,820 (91%)
Single nursing assignments billed over two or more invoices	2,205 (4%)	28 (1%)	2,177 (99%)
Totals	53,822 (100%)	1,313 (2%)	52,509 (98%)

Source: Numbers in Columns 1 and 2 and percentages in Column 1 provided by DOHMH. Percentages in Column 2 calculated by the Comptroller’s Office. Table created by the Comptroller’s Office with totals and percentage calculations added to the last row and Column 3.

OSH acknowledged that VPortal lacked controls to prevent vendors from improperly billing 53,822 nursing assignments with start and end times that overlapped with another nursing assignment for the same contract nurse on the same day. According to OSH, 48,514 assignments (90 percent) of the 53,822 overlapping nursing assignments involved vendors billing for an allowable coverage combination of nursing assignments under one contract nurse’s name on a single date. Of these 48,514 nursing assignments, OSH reviewed a sample of only 1,002 (2 percent) and found that overlaps occurred. However, OSH found in reviewing the corresponding timesheets for its 2 percent sample, that even though vendors entered incorrect start and end times in VPortal, the contract nurses’ timesheets correctly reflected the hours worked without any overlaps, and that vendors billed, and the City paid for the correct total number of hours.

Although OSH’s review of a 2 percent sample of the overlapping assignments with allowable coverage combinations found vendors billed the correct number of hours despite entering incorrect times, the lack of internal and system controls that led to vendors being paid for overlapping assignments increased the risk that erroneous and fraudulent billings could have occurred and gone undetected in the remaining 98 percent of the assignments without adequate and timely reviews.

c. The City Paid Vendors for Unallowable Coverage Combinations of Assignments

3,103 (6 percent) of the 53,822 overlapping nursing assignments did not involve an allowable coverage combination of nursing assignments. OSH reviewed and confirmed 283 (approximately 9 percent) of the 3,103 overlapping nursing assignments with unallowable coverage combinations and found that multiple assignments on one day originally attributed to a single contract nurse

were actually worked by more than one contract nurse. In 232 of the 283 assignments (82 percent) billed to a single contract nurse, OSH found that assignments were worked either by the nurse cited in the VPortal data and another nurse or by two other nurses.⁹

The 232 billing assignments that OSH found had actually been covered by multiple nurses under the name of a single nurse, made it appear as if there were overlaps in the start and end times of the billed assignments and that there had been unallowable coverage combinations. OSH reported that once the nursing assignments were attributed to the correct nurses, the overlaps and unallowable combinations of assignments no longer existed.

d. The City Paid Vendors for Overlapping Hours for Nursing Assignments Billed over Multiple Invoices

OSH reported that 2,205 of the 53,822 (4 percent) overlapping assignments involved vendors billing and receiving payment for single nursing assignments billed over multiple invoices. OSH selected a small sample of 28 of these 2,205 nursing assignments and compared the hours worked per timesheet to VPortal hours. Based on this review, OSH reported that for 27 of the 28 assignments sampled, vendors were paid for the correct hours for each nursing assignment billed over multiple invoices. According to OSH, one vendor was overpaid \$352 due to billing four hours more than what was supported by the timesheet. OSH determined in that case that the vendor should repay \$352.

OSH's Corrective Action

OSH informed us it took corrective steps during the investigation to address the investigative findings. According to OSH, it implemented the following changes to its systems and procedures:

1. OSH obtains, reviews, and reconciles timesheets for all six types of nursing assignments.
2. OSH requires that timesheets match the assignments schedules reflected in the ANT system and updates ANT before transmitting such data from ANT to VPortal. ANT data is not submitted to the VPortal system if nursing assignment data has not been reconciled with the corresponding timesheet. Therefore, vendors cannot bill or receive payment for nursing assignments for which OSH has not obtained a timesheet and reconciled it with ANT data.
3. OSH updated ANT and VPortal to include the following edits used to identify and prevent scheduling and billing errors:

⁹ At the time of OSH's initial review, 51 of the timesheets for the 283 overlapping assignments with unallowable coverage combinations were unavailable.

- a) ANT does not allow approval of an assignment in the system where the same service is being performed at a school on the same day by two nurses, unless it is a two-nurse school, in which case a system exception will occur requiring validation.
- b) ANT does not allow the scheduling of multiple school day assignments to the same nurse on the same day.
- c) ANT does not allow approval of an assignment where the same service is being performed at a school on the same day by two nurses, unless it is a two-nurse school, in which case a system exception will occur requiring validation.
- d) VPortal prohibits vendors from entering overlapping times for billed assignments for the same nurse on the same day.

Additionally, OSH reported that it had communicated with its vendors about billing discrepancies and system changes. OSH sent a letter to vendors emphasizing that timesheets and vendors' submissions in VPortal must reflect the hours actually worked. OSH further reported that it met with vendors in August 2019 and:

1. Reviewed new timesheet requirements;
2. Discussed the need for improving system controls; and
3. Informed vendors that any nurse assignment changes should be communicated to a Contract Liaison immediately.

Comptroller's Recommendations

OSH's initial corrective actions were based on its review of the 150 times a vendor billed excessive hours for one nurse for a single day and its separate review of 1,313 (2 percent) of the 53,822 overlapping assignments. OSH's review of a small sample of the 53,822 overlapping assignments provides no assurance that its findings apply to the remaining unreviewed 52,509 (98 percent) of the overlapping assignments.

The Comptroller's Office recommends that OSH additionally:

1. Review and test the remaining 52,509 overlapping assignments to determine whether any additional system issues remain and whether actual instances of overbilling for overlapping assignments occurred, and recoup money from any instances of overpayment to vendors;
2. Identify all instances of past overbilling and overpayment;
3. Recoup all overpayments;

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4. Establish audit and review procedures to ensure the ongoing performance and monitoring of corrective actions already implemented during the investigation;
5. Publish the list of allowable and unallowable combinations to its staff and vendors together with the criteria and procedure for allowing any exceptions;
6. Verify that ANT prohibits the scheduling of unallowable combinations; and
7. Monitor billing to ensure revised processes and systems are working to prevent instances of overbilling and overpayment.

We thank you again for your active cooperation with our investigation and with the efforts taken already to improve OSH's billing processes. If you wish to discuss the findings or recommendations outlined in this letter, please contact me at (212) 669-8459 or mlanda@comptroller.nyc.gov.

Sincerely,

A handwritten signature in black ink, appearing to read "Marjorie Landa", with a long horizontal flourish extending to the right.

Marjorie Landa