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**New York State Office of the State Comptroller**  
Thomas P. DiNapoli

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Division of State Government Accountability

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# Controls Over Equipment

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## New York City Health and Hospitals Corporation

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Report 2017-N-9

January 2019

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## Executive Summary

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### Purpose

To determine whether the New York City Health and Hospitals Corporation (H+H) has established adequate controls over equipment. Our audit scope covered the period July 1, 2016 through August 7, 2018.

### Background

H+H is a public benefit corporation created by the New York City Health and Hospitals Corporation Act of 1969. H+H, the largest public health care system in the nation, is a network of 22 facilities, including 11 acute care hospitals, 6 diagnostic and treatment centers, 5 nursing homes, and more than 70 community-based primary care sites located across the City's five boroughs. The network provides comprehensive health care services to more than 1 million New Yorkers annually.

H+H's capital assets include land, buildings, and equipment. As of June 30, 2017, H+H reported \$8.4 billion in capital assets, of which about \$3.5 billion included medical and office equipment. During the year ended June 30, 2017, H+H purchased approximately \$154.7 million in equipment. Descriptions, purchase order numbers, and other information pertaining to major movable equipment (costing \$500 or more) are recorded and tracked in H+H's Fixed Asset Management (FAM) system. Equipment costing \$1,000 or more must be tagged and the tag number recorded in FAM. When equipment is disposed of, information pertaining to that item is purged from FAM. As of June 30, 2017, FAM contained 203,659 items.

### Key Findings

We selected and reviewed a judgmental sample of 338 items (equipment) at nine H+H facilities to determine if H+H had established adequate controls over the recording, tracking, and disposal of equipment. We determined that H+H's controls over equipment need to be improved, as auditors were unable to find some items. In addition, H+H staff did not always accurately record information in FAM and made errors when tagging items. We located 263 of the 338 sampled items and determined that they were recorded correctly in FAM. However, H+H officials could not account for 18 of the remaining 75 items. According to FAM, these 18 items cost \$144,828 and had a book value of \$17,924 as of June 30, 2017. We also found various record-keeping issues associated with the remaining 57 items, including:

- 600 infusion pumps, purchased collectively for \$1.7 million, were recorded in FAM as one item without identifying the actual location of the 600 pumps. We were unable to track the 600 pumps.
- 5 items, purchased collectively for \$296,083, were incorrectly recorded in FAM. Four of the items were incorrectly tagged. The remaining item was recorded as a \$148,289 anesthesia machine instead of four physiological monitors.
- An HP computer was purchased on August 27, 2009 for \$1,547. We attempted to locate the computer as it was still listed in FAM on June 30, 2017. H+H officials then provided us with an approved relinquishment form indicating that the computer was disposed of on August 10, 2010 because it was deemed obsolete. However, due to the poor documentation regarding

disposal, we were unable to determine if the computer had been discarded or inappropriately removed from the facility, or if all proper steps had been taken to ensure that the computer was disposed of in a secure manner.

### **Key Recommendations**

- Communicate policies regarding asset disposal/transfer to all relevant personnel and ensure these policies are followed.
- Review the asset management system for accuracy, and implement a system of continuous monitoring.
- Investigate why the 18 items identified in this report could not be accounted for.

### **Other Related Audit/Report of Interest**

[New York City Department of Social Services: Oversight of Security Expenses in Single Adult and Adult Family Homeless Shelters \(2016-N-6\)](#)

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**State of New York  
Office of the State Comptroller**

**Division of State Government Accountability**

January 9, 2019

Mitchell Katz, MD  
President and CEO  
New York City Health and Hospitals Corporation  
125 Worth Street  
New York, NY 10013

Dear Dr. Katz:

The Office of the State Comptroller is committed to helping State agencies, public authorities, and local government agencies manage their resources efficiently and effectively and, by so doing, providing accountability for tax dollars spent to support government operations. The Comptroller oversees the fiscal affairs of State agencies, public authorities, and local government agencies, as well as their compliance with relevant statutes and their observance of good business practices. This fiscal oversight is accomplished, in part, through our audits, which identify opportunities for improving operations. Audits can also identify strategies for reducing costs and strengthening controls that are intended to safeguard assets.

Following is a report of our audit entitled *Controls Over Equipment*. The audit was performed pursuant to the State Comptroller's authority as set forth in Article V, Section 1 of the State Constitution and pursuant to the Unconsolidated Laws of New York, Section 7384(9) and Section 7403 (New York City Health and Hospitals Corporation Act, as added by L 1969, Chapter 1016, Section 1).

This audit's results and recommendations are resources for you to use in effectively managing your operations and in meeting the expectations of taxpayers. If you have any questions about this report, please feel free to contact us.

Respectfully submitted,

*Office of the State Comptroller  
Division of State Government Accountability*

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This report is also available on our website at: [www.osc.state.ny.us](http://www.osc.state.ny.us)

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## Background

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The New York City Health and Hospitals Corporation (H+H) is a public benefit corporation created by the New York City Health and Hospitals Corporation Act of 1969 to oversee the provision and delivery of comprehensive health care in New York City’s public hospitals and clinics. H+H, the largest public health care system in the nation, provides inpatient, outpatient, and home-based services to more than 1 million New Yorkers annually through 11 acute care hospitals, 6 diagnostic and treatment centers, 5 nursing homes, and more than 70 community-based primary care sites located across the City’s five boroughs.

H+H’s capital assets include land and land improvements, buildings and leasehold improvements, construction in progress, and equipment. As of June 30, 2017, H+H had capital assets costing \$8.4 billion, of which about \$3.5 billion was equipment.<sup>1</sup> During the year ended June 30, 2017, H+H purchased approximately \$154.7 million in equipment. Its equipment inventory includes medical equipment such as defibrillators and fetal monitors and office equipment such as computers and furniture. Major movable equipment costing \$500 or more is tracked in H+H’s Fixed Asset Management (FAM) system. Equipment descriptions, locations, and purchase order numbers are recorded in FAM. Equipment costing \$1,000 or more must be tagged with a number, which is then recorded in FAM. When a piece of equipment is disposed of, information pertaining to that item is purged from FAM. As of June 30, 2017, FAM contained 203,659 items.

For our review, we visited nine H+H facilities: four acute care hospitals – Bellevue Hospital (Bellevue), Elmhurst Hospital Center (Elmhurst), Jacobi Medical Center (Jacobi), and Harlem Hospital Center (Harlem); four neighborhood health care centers – Roberto Clemente Family Guidance Center (Clemente), East New York Diagnostic and Treatment Center (ENY), Segundo Ruiz Belvis Diagnostic and Treatment Center (Belvis), and South Queens Community Health Center (South Queens); and one long-term care facility – Sea View Hospital Rehabilitation Center and Home (Sea View). We selected a judgmental sample of 338 items at the nine facilities to determine whether H+H had established adequate controls over the recording, tracking, and disposal of its equipment (see Exhibit A).

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<sup>1</sup> For purposes of this report, when discussing our audit sample, the terms assets, equipment, and item(s) are used interchangeably.

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## Audit Findings and Recommendations

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We found that H+H's controls over its equipment need to be improved. During our facility visits, we observed physical controls, including security personnel and cameras, and found most equipment at the location listed in FAM. However, although H+H has policies on updating the information in FAM, we found that H+H officials did not always comply with these policies as some items listed in FAM could not be located. In addition, we found that staff did not always accurately record information in FAM and made errors when tagging items. Moreover, we found that some items were moved to other locations without the transfers being recorded in FAM. We positively identified 263 (78 percent) of the 338 sampled items. H+H officials could not account for 18 of the remaining 75 items that, according to FAM, initially cost \$144,828, but had a book value of \$17,924 as of June 30, 2017. The remaining 57 items had various record-keeping issues.

In responding to our findings, H+H officials indicated that FAM is used exclusively for financial statement reporting. However, H+H does not have another comprehensive platform for listing equipment inventory. In fact, H+H personnel use FAM to conduct their own periodic asset verifications by selecting sample assets from the FAM system and tracing them to facility locations. They also verify the information in FAM by tracing facility assets to FAM.

H+H equipment tracking problems are not a new issue. In a prior audit report, issued on October 1, 2003, this Office found similar deficiencies, such as unaccounted for equipment, incorrect information in FAM, and unsupported equipment retirements. Fifteen years later, these issues continue. Missing equipment could affect patient care. In addition, financial resources that could be spent on other needed purposes may be used by H+H to replace equipment that is in use but not recorded in FAM. Moreover, there is a risk that equipment that is still in use but not recorded in FAM could be lost or stolen. We recommend that H+H improve its inventory controls.

### Results of Inventory Tests

Effective inventory controls should include accurate and complete information regarding equipment status and location. H+H should effectively track the location of its equipment, account for equipment changes in inventory, and ensure that equipment is identified and recorded accurately. We selected a judgmental sample of 338 items at the nine H+H facilities to determine if they were recorded correctly in FAM and/or could be located – 212 items were selected from FAM, while the remaining 126 items were selected from equipment we observed when we visited the nine facilities. We located 263 of the 338 items and found that they were recorded correctly in FAM. For the remaining 75 items, we determined H+H lacked effective inventory controls to properly account for them (see Exhibit B).

#### *Assets Unaccounted For*

We were unable to locate 18 of the remaining 75 items. According to FAM, the 18 items, which were originally purchased for \$144,828, had a book value of \$17,924 as of June 30, 2017.

- Six of the 18 items that we searched for could not be found. H+H officials provided documentation for two of the six items. However, we could not be certain that these documents pertained to the two missing items because their purchase orders and serial numbers did not match the information in FAM. H+H officials did not provide any information for the remaining four items.
- H+H officials provided us with documentation to show that the seventh item was sent out in July 2012 to be repaired. However, they could not provide documentation to show that the item was returned to the facility.
- H+H officials asserted that the eighth item was traded back to the vendor. However, the documentation provided by H+H was insufficient to support this assertion.
- H+H officials explained that they disposed of the remaining ten items. However, they did not provide sufficient documentation to show that the items were actually disposed of.

The remaining 57 items had various record-keeping issues, as detailed in the following sections.

### *Relinquished Equipment*

H+H's Operating Procedures No. 110-10 (July 31, 2003) defines "relinquished assets" as assets that can be salvaged, transferred, or disposed of. According to H+H's Surplus Management Policy, officials are required to complete a relinquishment form before disposing of an asset. Once the completed form has been approved, it should be forwarded to H+H's Central Asset Management Unit (Central) and the information for that asset should be removed from FAM. However, we found that items remained in FAM long after they were approved for disposal because there was a breakdown in H+H's equipment controls. H+H officials provided documentation to show that six pieces of equipment from our sample of 338 items were disposed of between 2010 and 2016. However, although the six items were still listed in FAM as of June 2017, we were unable to locate them. For example, on August 27, 2009, one of the six items, a \$1,547 HP computer, was purchased for Harlem. This computer was still listed in FAM as of June 30, 2017. When we attempted to locate the computer, H+H officials provided us with an approved relinquishment form to show that the computer was disposed of on August 10, 2010 because it was deemed obsolete. However, when we attempted to determine how it was disposed of, the agency could only provide documentation that a vendor had picked up some equipment around the time the computer was supposedly discarded. Since the computer was still listed in FAM, we were unable to determine if it was actually disposed of, if it had been inappropriately removed from the facility, or if all proper steps had been taken to ensure that it was disposed of in a secure manner.

Officials from Sea View and Queens Hospital Center (which handles the relinquishment of assets for South Queens, among other institutions) told us that they were unaware that relinquishment forms should be submitted to Central. Personnel at the other facilities could not explain why assets were not purged from FAM after they had been approved for disposal. As a result of these equipment control problems, H+H overstated its assets. Moreover, there is a risk that personnel who rely on FAM may be relying on inaccurate information, which could negatively impact the availability of equipment for patient care.

### *Mass-Retired Assets*

H+H's mass-retirement policy permits the removal of an asset's information from FAM if the asset costs \$25,000 or less, is more than ten years old, and has no remaining book value. Assets retired and purged from FAM are often still in use at H+H facilities.

We found 11 mass-retired items, purchased for \$36,939, that were still being used to provide patient care services. However, information pertaining to the 11 items was purged from FAM. For example, an Olympus microscope purchased for \$5,027 in May 2006 was mass-retired in May 2016. The microscope is currently in use at Jacobi Medical Center. Similarly, an infant warmer purchased for \$12,502 in June 2007 was mass-retired in May 2017. However, it is still in use at Elmhurst Hospital Center. The practice of removing information pertaining to mass-retired assets from FAM reduces H+H's ability to track those assets and increases the risk of these assets being lost, stolen, or unnecessarily replaced. In response to our findings, H+H officials stated that they will revisit their mass-retirement policy.

### *Incorrect Entries*

According to H+H's policies, movable assets costing \$500 or more are recorded in FAM using the item's description, serial number, or model number. In addition, movable assets costing \$1,000 or more are tagged and the tag number is entered in FAM. We found that H+H officials had incorrectly entered 19 items in FAM, as follows:

- Five items, procured for a total of \$296,083, were incorrectly recorded in FAM. Four of the items were incorrectly tagged. The remaining item, purchased by Harlem, was recorded as a \$148,289 anesthesia machine instead of four physiological monitors.
- Three items were actually part of group purchases. H+H officials recorded only one item from each purchase in FAM. In one case, 600 infusion pumps purchased for Harlem at a cost of \$1.7 million were recorded in FAM as one item without identifying the actual locations of the 600 pumps. We were unable to track the 600 pumps.
- Seven other items were entered in FAM with either incorrect locations or tag numbers. For example, H+H purchased a tomography (eye imaging) machine that cost \$53,645 for ENY. The machine was delivered to Kings County Hospital Center where it received a Kings County Hospital Center tag and the tag number was entered in FAM. We subsequently saw this machine at ENY where it had an ENY tag. However, the ENY tag number was not recorded in FAM.
- H+H officials could not explain why four other items were not listed in FAM.

An incorrect description or location of an asset in FAM could cause H+H officials to unnecessarily purchase equipment they already have. H+H officials assert that clinical departments do not use FAM for patient care. They added that department managers are aware of the equipment they have on hand, and there is little chance they would order duplicate items, regardless of what is recorded in FAM. However, during our visits to the facilities, we found that department heads and other officials often did not know the locations of many of the items we requested.

### *Asset Transfers*

According to H+H's Surplus Property Management Policy, prior to moving an asset, H+H officials should complete an asset transfer form. The form is then sent to Central so that the asset's location could be updated in FAM.

Six items in our sample, purchased for \$94,989, were at locations that differed from the location listed in FAM. For example, at Belvis, we observed a stand for a "vital signs" monitor. According to FAM, the stand should have been at Parsons in Queens. In addition, an EEG machine-brain monitor, purchased for \$20,366, was listed as being at Jacobi; however, we found the monitor at North Central Bronx Hospital – an H+H facility outside of the nine facilities in our audit sample. Officials told us that, prior to 2016, facilities were part of regional networks. Because a network shared staff and resources, an asset could physically be located at any facility within that network regardless of the location listed in FAM. They surmised that inconsistencies in the location of assets could be an indication that the networking concept is still a part of normal operations. Officials acknowledged that equipment tracking and the recording of transfers need to be improved. They plan to train senior leadership at their facilities regarding the procedures for the transfer of assets to ensure that policies are properly followed.

### *Inconsistent Tagging*

H+H's capitalization policy states that tagging is required for movable assets that cost \$1,000 or more. H+H uses an Estimated Useful Life Table to determine whether an asset is fixed or movable. In addition, equipment procured by the bio-medical and information technology departments is tagged with the departments' tags. We found that H+H officials were not adequately monitoring FAM and not ensuring that employees were aware of and were following the tagging policy, resulting in inconsistent asset tagging. For example, we found inconsistencies in the tagging of 15 items during our visits to the facilities. These included some televisions and portable air conditioners that were tagged while other similar assets were not.

It is essential that staff tag items correctly and consistently so that they can be tracked properly. H+H officials responded that they will conduct asset tagging training for receiving personnel.

## **Disposal of Relinquished Assets**

It is a good business practice to ensure that assets are disposed of appropriately at the end of their useful lives. This includes tracking items to the point of final disposal (e.g., sale, transfer, destruction) and the purging of the related information from FAM.

H+H contracts with third-party waste management companies to dispose of unwanted equipment. During our visits to the nine facilities, we reviewed their equipment disposal processes and controls and noted several weaknesses. While the facilities generally prepared the required relinquishment forms and had them approved, none of the facilities had a record of the specific items removed by the waste management companies. At some facilities, we observed that items

to be relinquished were placed in trash bins, dumpsters, or other containers and placed in areas with access limited to authorized staff. On pick-up, the waste management companies would provide the facilities with receipts indicating the weight of the relinquished items. However, the receipts did not detail the specific items that were removed. Therefore, it was not possible to track a specific item to its final disposition.

H+H officials assert that their bio-medical and computer departments have processes in place to track the disposal of equipment. However, we did not see any documentation that clearly identified which equipment was taken, when it was taken, and by whom. H+H officials also assert that disposals do not need additional tracking because each facility's executive management attests that the items are no longer usable. Improper disposal of bio-medical and computer equipment can potentially have harmful effects on individuals and the environment and can be a liability to H+H. For instance, in the case of the computer previously described as missing, H+H declared it obsolete after less than a year in use. However, when we attempted to determine how it was disposed of, the agency could only provide documentation that a vendor had picked up some equipment at around the time the computer was supposedly discarded. We are therefore unable to determine if the computer was actually disposed of or inappropriately removed from the facility. We are also unable to determine whether all proper steps had been taken to ensure that the computer was disposed of in a secure manner. Consequently, it is critical that H+H maintain a record of the ultimate disposition of equipment items removed from its facilities.

## Recommendations

1. Review the asset management system for accuracy, and implement a system of continuous monitoring.
2. Implement a procedure to ensure that assets sent for repair are tracked and returned in a timely manner.
3. Communicate policies regarding asset disposal/transfer/tagging to all relevant personnel and ensure these policies are followed.
4. Implement a formal system to monitor and track assets that have been mass-retired but are still in use.
5. Verify that personnel properly tag all movable equipment.
6. Investigate why the 18 assets identified in this report could not be accounted for.

## Audit Scope, Objective, and Methodology

The objective of this audit was to determine whether H+H has established adequate controls over equipment. Our audit scope covered the period July 1, 2016 through August 7, 2018.

To accomplish our objective and assess the related internal controls over equipment, we interviewed H+H officials and staff at nine sample facilities: Bellevue, Elmhurst, Jacobi, Harlem, Clemente, ENY, Belvis, South Queens, and Sea View. We also reviewed H+H policies and procedures related to equipment controls. We reviewed H+H financial statements as well as the equipment recorded in FAM. We observed sample equipment at the nine facilities. We also met with representatives from the bio-medical and computer departments at these facilities. We visited the facilities from January through June 2018.

We judgmentally selected facilities from the FAM listing as of June 30, 2017 based on total asset cost and location. We selected samples of movable assets at the facilities, comprising 338 movable assets, to assess the accuracy and completeness of the FAM listing. We selected a sample of 212 pieces of equipment from FAM to determine if the assets were located at the reported facilities. We judgmentally selected these assets based on the asset's classification as movable, acquisition cost (high-priced items), and acquisition date (purchased after 2007, to exclude assets that might have been relinquished or retired after the listing was provided). This sample of 212 assets included 25 assets each at Bellevue, Elmhurst, ENY, Jacobi, Harlem, Belvis, and Sea View; 15 assets at Clemente; and all 22 assets listed with a tag number at South Queens. We also selected a sample of 126 pieces of equipment observed during site visits at each of the nine facilities to determine if the assets were accurately recorded in FAM. We judgmentally selected assets that appeared to be movable and newer (and thus were not retired from FAM). These additional 126 assets included 20 assets each at Bellevue, Elmhurst, Jacobi, and Harlem; ten assets each at ENY, Belvis, South Queens, and Sea View; and six assets at Clemente. For a summary by facility and by audit finding, see Exhibits A and B.

During the review of our sample selections, we found the FAM listing to be incomplete. Based on our audit work, however, we believe that the listing provided to us was sufficiently reliable for the purposes of this audit.

We conducted our performance audit in accordance with generally accepted government auditing standards. These standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

In addition to being the State Auditor, the Comptroller performs certain other constitutionally and statutorily mandated duties as the chief fiscal officer of New York State. These include operating the State's accounting system; preparing the State's financial statements; and approving State contracts, refunds, and other payments. In addition, the Comptroller appoints members to certain boards, commissions, and public authorities, some of whom have minority voting rights. These duties may be considered management functions for purposes of evaluating organizational independence under generally accepted government auditing standards. In our opinion, these management functions do not affect our ability to conduct independent audits of program performance.

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## Authority

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The audit was performed pursuant to the State Comptroller's authority as set forth in Article V, Section 1 of the State Constitution and pursuant to the Unconsolidated Laws of New York, Section 7384(9) and Section 7403 (New York City Health and Hospitals Corporation Act, as added by L 1969, Chapter 1016, Section 1).

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## Reporting Requirements

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We provided a draft copy of this report to H+H officials for their review and formal comment. Their comments were considered in preparing this report and are included at the end of it. In their response, H+H officials disagreed with certain of our conclusions, specifically related to the use of the FAM listing, but indicated that they will take action to address some recommendations. Our responses to certain comments are embedded within their response.

Within 90 days of the final release of this report, we request that the President and Chief Executive Officer of the New York City Health and Hospitals Corporation report to the State Comptroller, advising what steps were taken to implement the recommendations contained in this report, and where recommendations were not implemented, the reasons why.

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## Contributors to This Report

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## Division of State Government Accountability

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### Vision

A team of accountability experts respected for providing information that decision makers value.

### Mission

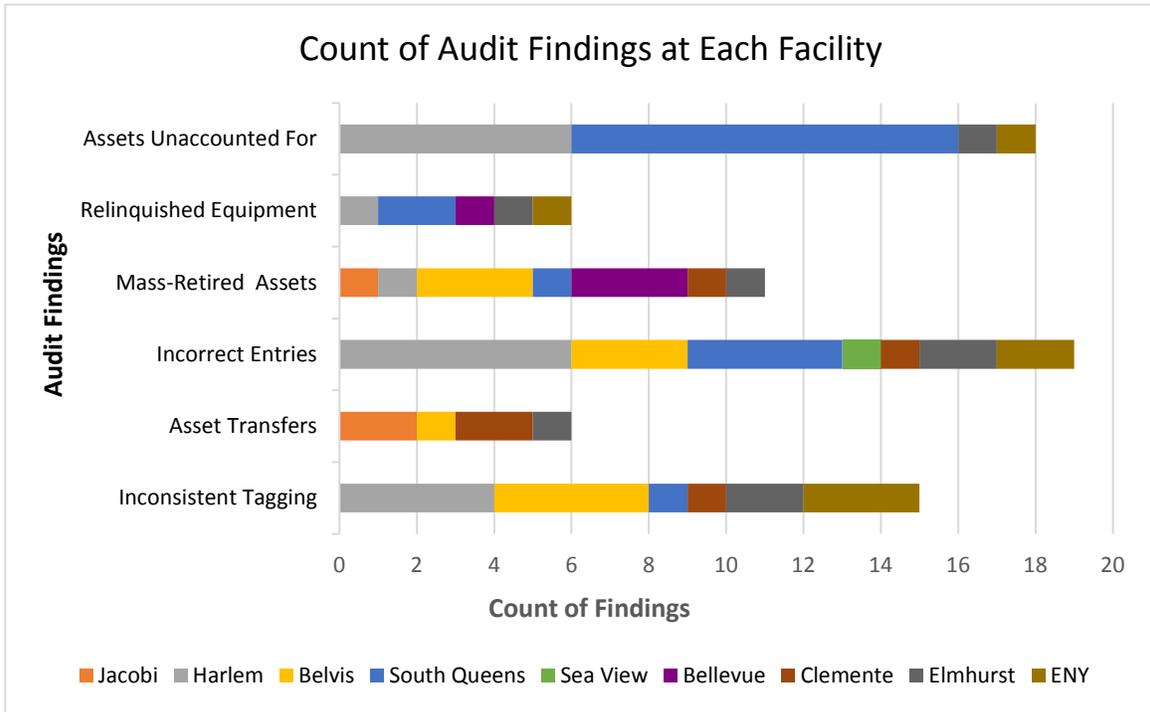
To improve government operations by conducting independent audits, reviews, and evaluations of New York State and New York City taxpayer-financed programs.

## Exhibit A

### Summary of Audit Findings

Facility	Assets Positively Identified	Assets Not Positively Identified and/or Adequately Supported	Totals
Jacobi	42	3	45
Harlem	27	18	45
Belvis	24	11	35
South Queens	14	18	32
Sea View	34	1	35
Bellevue	41	4	45
Clemente	16	5	21
Elmhurst	37	8	45
ENY	28	7	35
<b>Totals</b>	<b>263</b>	<b>75</b>	<b>338</b>

# Exhibit B



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## Agency Comments and State Comptroller's Comments

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Mitchell Katz  
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NYC Health + Hospitals  
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October 26, 2018

Kenrick Sifontes  
Office of the State Comptroller  
59 Maiden Lane, 21st FL  
New York, NY 10038

**Re: Audit Report 2017-N-9 (Audit of NYC H+H Controls Over Equipment)**

Dear Mr. Sifontes:

Thank you for the review of the Controls Over Equipment at New York City Health + Hospitals. Attached please find our responses to the key findings and recommendations highlighted in your draft report.

NYC Health +Hospital works diligently to ensure that assets are safeguarded and accounted for properly. We recognize that some policies are not entirely followed throughout the System, but we know that controls of the Corporation's assets are strong.

Thank you and if you have any questions regarding the response, please contact Christopher Telano, Chief Internal Auditor/Sr. AVP at 646-458-5623.

Best Regards,

A handwritten signature in blue ink that reads "Mitchell Katz".

Mitchell Katz, MD



Kenrick Sifontes  
 Office of the State Comptroller  
 59 Maiden Lane, 21st FL  
 New York, NY 10038

**Re: Audit Report 2017-N-9 (Audit of NYC H+H Controls Over Equipment)**

Dear Mr. Sifontes:

New York City Health + Hospitals (“NYC H+H” or the “System”) appreciates the opportunity to respond to the findings in the draft audit report on controls and equipment issued by the State of New York Office of the State Comptroller (“OSC”).

In its summary of findings, the OSC mentions that it was unable to track 600 infusion pumps. NYC H+H agrees that these items were incorrectly input into FAM as one item. However, after discovering this issue, the auditor made no attempt to locate or observe any of the remaining 599 infusion pumps. The statement that the auditors were “unable to track the 600 pumps” is disingenuous as no attempt was made on their part to inquire about or find any additional pumps once it was discovered that they were input into the fixed asset management system (“FAM”) in a group under a single item number.

**State Comptroller’s Comment** - We disagree. In May 2018, we inquired about infusion pumps after observing a pump at Harlem Hospital Center. The pump had a tag number, but the number was not recorded in H+H’s Fixed Asset Management (FAM) system. H+H officials advised that the pump was part of a \$1.7 million purchase of 600 pumps. However, individual tag and serial numbers for the pumps were not recorded in FAM. Absent such information, we could not track any of the 600 pumps in FAM. Subsequently, H+H officials disclosed that they had only received 357 pumps.

It is worth noting that the stated scope of the audit, July 1, 2016 through August 7, 2018, is misleading. The auditors sampled 338 assets which ranged from acquisition dates as far back as October 31, 2003. The starting point for the auditors’ sampling was any asset that resided in FAM. There are assets dating back to 1969 in the FAM system, so, technically the scope of the auditors’ report is from 1969 through August 7, 2018 as that was the universe from which they chose their samples. The scope should be clarified to specify what is meant by the time period of the scope.

**State Comptroller’s Comment** - Our audit scope covered the period July 1, 2016 through August 7, 2018. To assess H+H equipment controls, we selected a sample of 338 items from the June 30, 2017 FAM listing provided to us by H+H, and reconciled them with H+H’s financial statements for the year ended June 30, 2017. Thereafter, any asset on this listing, regardless of when purchased, was subject to our audit.

Additionally, in the chart labeled “Summary of Audit Findings” in your report, you show that you positively identified 263 assets, however, that number should be 265 assets as we found one additional item from East New York, which your team observed, after the issuance of the first preliminary draft audit report. Also, you show in your chart that Elmhurst has 8 “assets not Positively Identified and/or Adequately Supported”, however, in both your preliminary draft reports, the total summation of items with issues for Elmhurst totals



7, not 8, which leaves 38 items found, not 37. This clarification reconciles the charts and numbers provided in this response to the audit report issued by the OSC.

**State Comptroller's Comment** - H+H's assertion is incorrect. The issues identified in our preliminary reports – which are fact finding documents – were subsequently reconciled. We maintain that 263 assets, rather than the 265 asserted by H+H, were positively identified.

Despite the auditors using FAM for a purpose for which it was not intended, of the 338 pieces of equipment that the auditors sampled, 316 or 93% were positively located.

**State Comptroller's Comment** - At the onset of our audit, OSC informed H+H officials of the audit's objective and requested a list of equipment. In response, H+H officials provided the FAM listing. They did not identify any other systems for recording and tracking their \$3.5 billion equipment inventory. Subsequently, we learned that there are systems for tracking bio-medical assets and technology equipment. H+H officials never disclosed how they track other assets, such as cleaning, kitchen, laundry, and maintenance equipment and furniture.

Please see the following chart for a summary of the findings and for additional detail, please see Appendix A for each of the 73 items under discussion and both the auditor's and the H+H's positions.

Hospital	Found in FAM with following caveat:				Multiple Assets Lumped Together	Not an Asset	Relinquished	Relinquishment Form Provided	Not Accounted for on FAM	Not Found	Grand Total	Percent Found or Accounted For
	Found	No Tag Number	Mistyped Tag Number	Incorrect Location								
Bellevue	41							4			45	100%
Belvis	24	2	1	1			3	4			35	100%
East New York	29	1				3		1		1	35	97%
Elmhurst	38	3		1				2			45	98%
Harlem	27	5			2		1	3	1	6	45	84%
Jacobi	42			2				1			45	100%
Queens/South Jamaica	14	3						3	2	10	32	63%
Roberto Clemente	16	2		1		1		0	1		21	95%
Seaview	34							1			35	100%
<b>Totals</b>	<b>265</b>	<b>16</b>	<b>1</b>	<b>5</b>	<b>2</b>	<b>4</b>	<b>4</b>	<b>19</b>	<b>4</b>	<b>18</b>	<b>338</b>	<b>93%</b>

**State Comptroller's Comment** - H+H's Appendix A is incorrect, as it lists 73 items (30 + 33 + 10), rather than 75. Moreover, in the above table, H+H incorrectly included two items, one at Elmhurst and one at Belvis. Consequently, only 263 (338 less 75) items were positively identified.

As mentioned in the introduction to your report, NYC H+H does not use FAM as an inventory tracking system. The System uses FAM strictly to quantify assets for financial reporting purposes. There are a variety of other mechanisms in place throughout the System for tracking inventory. The auditors mention that there is not another "comprehensive system" to track inventory, however, there are separate systems for biomedical equipment as well as for technology equipment. For other types of inventory, there are a number of facility-specific tracking processes. The fact that another "comprehensive system" does not exist, does not negate the fact that a series of systems to track different types of assets does exist and that they successfully perform the function.



**State Comptroller's Comment** - Contrary to H+H's attestation, FAM is not used strictly to quantify assets for financial reporting purposes. We found that H+H personnel select sample assets from FAM to conduct their own periodic asset verifications and to trace the selected assets to H+H facilities. We noted that, in November 2016, H+H's Office of Internal Audit used FAM to conduct an audit of fixed assets at ENY. The objective of that audit was to evaluate internal controls over its inventory of fixed assets and included a verification of the fixed assets recorded in FAM.

Despite the System's statements that FAM is not an inventory tracker, the auditors have continued to apply FAM as an inventory tracker for the purposes of this audit and did not include the other systems in their audit scope. As a result, and expectedly so given the auditors misapplication of the use of FAM, they have a series of findings associated with the use of FAM as an inventory tracking system. As mentioned above, NYC H+H has a series of inventory tracking mechanisms that it uses for the purposes of tracking physical locations of equipment. Some examples are a database to track information technology, a contract with a third party to track and maintain all bio-medical equipment, as well as facility-specific processes for other types of equipment and assets. Had the auditors been willing to accept any of these other systems in their audit process, they would have discovered that the System's assets are tracked far more accurately than this report states.

**State Comptroller's Comment** - We disagree. Except for the bio-medical assets and technology equipment tracking systems, H+H officials never informed us of any other facility-specific tracking systems. Moreover, during the audit, H+H officials experienced significant difficulty locating the items in our sample – in some instances, the sampled items were not found. H+H officials would not have had such difficulty if the alleged systems were in place and were operating effectively.

#### Results of Inventory Tests

The first paragraph of this section in the audit report states that NYC "H+H should effectively track the location of its equipment, account for equipment changes in inventory, and ensure that equipment is identified and recorded accurately." The System agrees with this statement. Had the auditors used the systems in place for this purpose, we believe the findings would have been different. The auditors' sampling revealed only a 7% rate of items unable to be located (see the breakout above), however NYC H+H believes that utilizing the correct systems for this test, would have resulted in an even lower percentage.

**State Comptroller's Comment** - We disagree. Except for the bio-medical assets and technology equipment tracking systems, H+H officials never informed us of any other facility-specific tracking systems. Moreover, during the audit, H+H officials experienced significant difficulty locating the items in our sample – in some instances, the sampled items were not found. H+H officials would not have had such difficulty if the alleged systems were in place and were operating effectively.

Also in this section, the auditor's state "For the year ended June 30, 2017, H+H purchased approximately \$154.7 million in equipment. We selected a judgmental sample of 338 items at the nine H+H facilities to determine if they were recorded correctly in FAM and/or could be located..." However, it should be clarified that the items sampled were from the entire FAM system which has assets dating back to 1969 and not from the purchases in fiscal year 2017 referred to in the auditors' statement.



**State Comptroller's Comment** - We acknowledge that the FAM listing, as of June 30, 2017, contained assets dating back to 1969. However, for our review, we did not select any assets acquired before October 2003, as acknowledged by H+H on page 2 of its response to the draft report. Specifically, the 338 selected items were acquired between 2003 and 2017 and, according to FAM, should still have been in use at the facilities. The statement "For the year ended June 30, 2017, H+H purchased approximately \$154.7 million in equipment" has been moved to the background sections of our final audit report.

*Relinquished Equipment*

Regarding the finding surrounding the relinquishment of an HP computer in August 2010, as the auditors point out in their report, NYC H+H provided an approved relinquishment form as well as documentation demonstrating that the System's approved disposal company for such equipment made a scheduled pick up at that time. The only omission in NYC H+H policy in this particular example, was that the item was not removed from FAM in a timely manner. The System acknowledges that given the proper steps taken to appropriately dispose of this item in accordance with policy, that there was an error in not removing the item from FAM.

**State Comptroller's Comment** - As noted on page 7 of our report, the issue is more complex than an item not being removed from FAM in a timely manner. While the disposal company picked up equipment around the time the HP computer was reportedly discarded, we have no assurance the computer was actually picked up, as H+H's documentation merely showed that pallets were picked up. It did not show the specific items that were actually picked up.

The auditor states that the System could have potentially failed to dispose of the HP computer in a secure manner. This statement is an assumption that has no basis. NYC H+H has stringent policies in effect for disposition of assets in accordance with HIPAA regulations. The auditors did not inquire about, nor are they aware of our HIPAA policies and the fact that disposed computers do not contain any hard drives and that any electronic protected health information ("E PHI") would have been removed. The auditors' statement that they are unsure that "all proper steps had been taken to ensure that it was disposed of in a secure manner" is based on an assumption which had not been reviewed in their audit scope. The auditor did not inquire or review the NYC H+H policy governing disposition of assets of a secure nature in accordance with the requirements outlined by HIPAA regulations in 45 CFR.

**State Comptroller's Comment** - The fact that H+H has stringent policies for disposition of assets in accordance with HIPAA regulations does not guarantee that these policies are complied with.

The OSC says that incorrect information in FAM could "negatively impact the availability of equipment for patient care." This statement appears to assume that FAM is the sole source for managing equipment. Clinical departments do not use FAM in the delivery of care and are keenly aware of the equipment they have on-hand. Because clinical departments operationally know their equipment on-hand, there would be little chance that they would not have the appropriate equipment necessary in order to treat a patient, regardless of what is recorded in FAM. As previously stated, FAM is a financial management system, not an inventory system. The equipment needed for patient care is tracked by a third party consultant who specializes in such responsibility specific to biomedical equipment. This assumption by the auditors is both



incendiary and unfounded.

**State Comptroller's Comment** - Even though a third-party contractor is responsible for bio-medical equipment and "clinical departments are keenly aware of the equipment they have on hand," there were instances where sampled items could not be located by H+H personnel.

*Mass-Retired Assets*

The OSC reports 11 mass-retired items however, NYC H+H only sees 10 items accounted for in both of the auditors' preliminary draft reports. Those items are listed here:

Facility	Missing Asset	Comments
Bellevue	Computer	H+H officials provided the mass retirement report, showing the item was mass retired in June 2013.
Bellevue	Computer	H+H officials provided the mass retirement report, showing the item was mass retired in June 2013.
Bellevue	Defibrillator	H+H officials provided the mass retirement report, showing the item was mass retired in May 2017.
Elmhurst	Infant Warmer	H+H officials provided the mass retirement report, showing the item was mass retired in June 2017.
Jacobi	Olympus SZ61	According to the Mass Retirement Report, the item was mass retired in May 2016.
Belvis	Desk	According to the Mass Retirement Report, the item was mass retired in May 2016.
Belvis	HP Laser Jet Printer	According to the Mass Retirement Report, the item was mass retired in May 2016.
Belvis	MovinCool Portable AC	According to the Mass Retirement Report, the item was mass retired in May 2016.
Harlem	Food Cart	According to the Mass Retirement Report, the item was mass retired in May 2016.
South Queens	Welch Allyn Vitals Monitor	According to the Mass Retirement Report, the item was mass retired in May 2017.
<b>Total Assets: 10</b>		

**State Comptroller's Comment** - The above listing is incorrect. We found 11 mass-retired assets that were still being used, including an examination table at the Roberto Clemente Family Guidance Center. H+H officials omitted this item from the above listing.

*Incorrect Entries*

The supposition that the auditors make about NYC H+H potentially purchasing equipment it already has due to incorrect descriptions or locations in FAM is unfounded and was not proven out during the audit. As mentioned previously, this process and the resulting response to the report, FAM is not used for



inventory purposes. As a result, there is little or no probability that any facility would duplicate a purchase for an item it already has based off of information in FAM. The facilities do not use FAM for inventory and purchase decisions, they use other systems specific to the type of item in question (e.g. the biomedical system, the information technology system, needs of the department, etc.).

In order to dispute that last point made by NYC H+H, the auditors go on to state that they “found that department heads and other officials often did not know the locations of many of the items we requested.” This statement is a non sequitur in that the auditors' finding focuses on the use of FAM for purposes of knowing how many pieces of a certain type of equipment a facility owns. However, the statement quoted above focuses on management knowing the location of equipment. A manager not knowing the location of a specific piece of equipment does not mean that his or her staff does not know the location. Furthermore, not knowing the location of an item does not preclude a manager from knowing how many of an item he or she has at his or her facility.

**State Comptroller’s Comment** - During the audit, when items could not be located, managers asked their staff, as well as the third-party contractor, to locate the items. Despite these efforts, certain items still could not be located.

#### *Asset Transfers*

NYC H+H knows, it does not “surmise,” that the differences found by the auditors in location of a small group of equipment lies within the recently abolished networking system between specific hospitals. The System does, however, agree that additional information regarding asset transfer procedures to facility leadership would be helpful in the future.

#### *Inconsistent Tagging*

NYC H+H acknowledges that incorrect tagging has occurred in the few instances pointed out by the audit team. It further acknowledges that asset tagging training would be an appropriate path to potential resolution of the issue going forward.

#### **Disposal of Relinquished Assets**

The auditors’ assertion that NYC H+H is not properly tracking disposition of its assets is incorrect. Furthermore, the additional assumption that the System is impacting the environment in a negative way as a result of this incorrect assertion, has no basis in factual support.

**State Comptroller’s Comment** - We stand by our conclusion that H+H is not properly tracking the disposal of all of its assets. Our report did not make an assumption that H+H is impacting the environment in a negative way. Rather, we stated the potential harmful effect of improper disposal of bio-medical or computer equipment.

NYC H+H agrees that “it is a good business practice to ensure that assets are disposed of appropriately” when they are determined to no longer be of use to the System. It further agrees that “the facilities generally prepared the required relinquishment forms and had them approved.” Furthermore, the System believes that the auditors observation “that items to be relinquished were placed in trash bins, dumpsters, or other containers and placed in areas that limited access by unauthorized staff” demonstrates additional controls



over items disposed of by NYC H+H, but awaiting pick up by the third party disposition company, as access to the items is restricted to authorized personnel only. Different disposition companies have different processes upon pick up: some pick up by weight, while others have itemized lists. This process varies by specialized contractor.

H+H abides by laws governing the disposition of specific types of assets, which are followed diligently by NYC H+H. Whether those are environmental laws, regulations, or statutes or legally enforceable requirements associated with disposition of assets, NYC H+H follows each of the laws, in every instance. As the OSC has pointed out in the quotes mentioned above, NYC H+H obtains the appropriate managerial sign off for relinquishment of an asset. When that occurs, the process of contacting the appropriate disposition company for removal of the asset ensues. For example, the System does not throw biomedical equipment with nuclear waste into a dumpster, as the auditors' seem to suggest. The System has contracts with various third party companies specializing in each type of equipment that needs to be disposed. In fact, in accordance with the recently issued GASB 83, the System reports the costs associated with legal disposition of assets in its financial statements.

**State Comptroller's Comment - Our report makes no reference to nuclear waste.**

The Biomedical Department and the Information Technology department have processes in place to track their relinquishments due to the nature of their assets. For items that have environmental restrictions on disposition, we use outside vendors for disposal services for which we outline specifically which items are being taken by the vendor using the approved relinquishment form (ex. broken refrigerator, broken TV, etc.). H+H disagrees that any additional tracking for relinquished items is necessary for all other assets as each hospital executive management attests that these assets are no longer usable assets (ex. broken chairs, furniture, etc.). As a result, they are disposed of in accordance with any laws governing disposition of similar assets. H+H feels that the further tracking of those items after the relinquishment of those items and the contact of the appropriate disposition company is unwarranted.

**State Comptroller's Comment - We maintain that H+H should keep a detailed record of the final disposition of items with remaining net value removed from its facilities. Officials need to be transparent and to be able to identify what equipment is removed, when it is removed, and by whom.**

**Conclusion**

As previously stated, FAM is strictly an accounting sub-ledger of the financial records of NYC H+H, and as such, is used exclusively for financial statement reporting.

**State Comptroller's Comment - Contrary to H+H's attestation, FAM is not used strictly to quantify assets for financial reporting purposes. We found that H+H personnel select sample assets from FAM to conduct their own periodic asset verifications and to trace the selected assets to H+H facilities. We noted that, in November 2016, H+H's Office of Internal Audit used FAM to conduct an audit of fixed assets at ENY. The objective of that audit was to evaluate internal controls over its inventory of fixed assets and included a verification of the fixed assets recorded in FAM.**

H+H specifically addresses the recommendations from the audit as follows:



1. NYC H+H has revisited its mass-retirement policy. As a result, it has updated the policy to allow for mass-retirement of items if the cost is \$1,000 or less, is more than ten years from the date of acquisition, and has no remaining book value versus the previous policy which allowed for mass retirement of items if the cost was \$25,000 or less, was more than ten years from the date of acquisition, and had no remaining book value..
2. Training will be conducted with senior leadership at facilities regarding the relinquishment and transfer of assets to ensure that policies are properly followed.
3. Training will be conducted with receiving personnel at facilities regarding the tagging of assets to ensure that policies are properly followed.
4. Management will implement a policy to ensure that items sent for repair are returned on a timely basis.
5. H+H will conduct additional training to ensure that movable equipment is tagged in accordance with its policies and procedures.



**Appendix A**

**Detailed Findings**

Below are charts showing each item called into question by the OSC. Each chart contains the location of the item, the type of item, the auditors' comments, and H+H's response. When taken together, and reconciled with the detail provided in the introductory section to this letter, these items total the 73 items from the first chart in this response letter.

Items Found in Facilities, Not Listed in FAM Listing			
Facility	Asset	Auditor Comments	NYC H+H Comments
Harlem	Samsung TV	According to H+H officials, this asset is a fixed (not movable) asset and entering the tag number in FAM is not required. Using the item number provided, we confirmed the item was listed in FAM as a fixed asset. We noted there are varying classifications for a Samsung TV within the FAM listing: At Harlem, it was classified as a fixed asset; however, at Elmhurst and Queens, it was classified as a movable asset.	Found in FAM; no tag number
Harlem	MovinCool Portable Air Conditioner	According to H+H officials, this asset is a fixed (not movable) asset and entering the tag number in FAM is not required. Using the item number provided, we confirmed the item was listed in FAM as a fixed asset. We noted there are varying classifications for a portable air conditioner within the FAM listing: At Harlem, it was classified as a fixed asset; however, at North Central Bronx, these were classified as movable assets.	Found in FAM; no tag number
Harlem	infusion Pump	According to H+H officials, this item was part of a capital lot purchase of 600 items. We note therefore there was no tracking capability in FAM.	Multiple assets lumped together
Harlem	Ultrasound	According to H+H officials, this item was part of a capital lot purchase of 4 items. We note therefore there was no tracking capability in FAM.	Multiple assets lumped together
Harlem	Luminos Agile	According to H+H officials, this asset is a fixed (not movable) asset and entering the tag number in FAM is not required. There was no other such asset in the FAM listing. We noted by not including the tag number in FAM, the item is not tracked by asset management.	Found in FAM; no tag number



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Harlem	HilRom Panel	According to H+H officials, this is a building improvement, part of Harlem's modernization project. We note therefore there was no tracking capability in FAM.	Found in FAM; no tag number
Harlem	Portable X-Ray Machine	We are awaiting a response from H+H officials.	Multiple assets lumped together
Harlem	Carelink	According to H+H officials, the tag number was not entered into the system for this item. They never provided the reason for this omission.	Found in FAM; no tag number
Harlem	Respirator	According to H+H officials, the tag number was mistyped when entered into the system, causing the same tag number to be in FAM for two different assets.	Acknowledge
Belvis	Nonmyd 8300 Fundus Camera	According to H+H officials, the tag number was incorrect in FAM. We found the item in FAM when searching with the item number provided. We questioned why there was a discrepancy between the tag number in FAM, the number on the asset's tag, and the number in their explanation. According to H+H staff, both the tag number in FAM and the tag number in their email explanation were mistyped.	Found in FAM; mistyped tag number
Belvis	Chair	According to H+H officials, this asset is a fixed (not movable) asset and entering the tag number in FAM is not required. When searching FAM for items with the same description, there were two such items, both classified as fixed. We noted therefore that the items are not tracked by asset management.	Found in FAM; no tag number
Belvis	Welch Allyn Vitals Sign Stand	While this item was found in FAM, the FAM location was incorrectly reported as Parsons Clinic.	Found; incorrect location in FAM
Belvis	Refrigerator	According to H+H officials, this Summit Commercial Cooler is a fixed (not movable) asset, and entering the tag number in FAM is not required. When searching FAM for items with the same description, we noted there was an additional cooler, also classified as a fixed asset. As there was no tag number in FAM, there was no tracking capability in FAM.	Found in FAM; no tag number
South Queens	Electronic Scale	We are awaiting a response from H+H officials.	Acknowledge
South Queens	Refrigerator	We are awaiting a response from H+H officials.	Acknowledge



## Appendix A

South Queens	Gooseneck Light	According to H+H officials, this asset is a fixed (not movable) asset, and entering the tag number in FAM is not required. When searching FAM using the item number provided, we found additional gooseneck lights, also classified as fixed assets. As there was no tag number in FAM, there was no tracking capability in FAM.	Found in FAM; no tag number
South Queens	IMEX DOPCT	According to H+H officials, this asset is a fixed (not movable) asset, and entering the tag number in FAM is not required. When searching FAM for items with the same description, we noted additional IMEX DOPCTs with the same model numbers which were also classified as fixed assets. As there was no tag number in FAM, there was no tracking capability in FAM.	Found in FAM; no tag number
South Queens	IMEX DOPCT	According to H+H officials, this asset is a fixed (not movable) asset, and entering the tag number in FAM is not required. When searching FAM for items with the same description, we noted additional IMEX DOPCTs with the same model numbers which were also classified as fixed assets. As there was no tag number in FAM, there was no tracking capability in FAM.	Found in FAM; no tag number
Sea View	Exercise Bike	According to H+H officials, the tag number was entered incorrectly in the system. We could not confirm the new tag number provided was for the item in our sample.	Found in FAM; mistyped tag number
Elmhurst	Scrubs Dispenser	Elmhurst officials claimed that the audit team retrieved the incorrect tag number; however, the different tag number provided by Elmhurst officials was also not found in FAM. H+H officials later stated that this asset is a fixed (not movable) asset and entering the tag number in FAM is not required. Using the item number provided, we confirmed the item was listed in FAM as a fixed asset. We note there are varying classifications for ScrubEx Dispensers within the FAM	Per policy, fixed equipment does not require a tag number in FAM
Elmhurst	Fetal Monitors	H+H officials entered six monitors in FAM as one item. Elmhurst officials claimed that due to system capabilities, only one tag number can be reported in FAM. Therefore, we were unable to trace the asset found at Elmhurst back to the FAM listing.	Assets were entered into FAM as one bulk purchase



## Appendix A

Elmhurst	Dell OptiPlex	According to H+H officials, since the item cost was less than \$1,000, entering the tag number in FAM was not required. According to H+H officials, their record retention policy requires they retain documentation for seven years. They can provide a copy of the invoice for an asset purchased within the last seven years. According to the Purchase Order provided, this item was purchased in February 2013; therefore, we requested a copy of the invoice.	Per policy assets costing less than \$1,000 do not require a tag number in FAM
East NY	Scale	According to H+H officials, they tagged the item for internal monitoring, but as it cost less than \$500, it was not entered in FAM. According to H+H officials, their record retention policy requires they retain documentation for seven years. They can provide a copy of the invoice for an asset purchased within the last seven years. According to the Purchase Order provided, this item was purchased in May 2008; therefore, H+H officials cannot provide a copy of the invoice.	Per purchase order and invoice provided to the auditors, item cost is less than \$500  Not an Asset
East NY	Mammography Machine Stand	According to H+H officials, they tagged the item for internal monitoring. They stated that the item cost less than \$500 so it was not entered in FAM. They also provided the purchase order for the capital purchase of the Mammography Machine and stated the item observed was a part of that purchase. According to H+H officials, their record retention policy requires they retain documentation for seven years. They can provide a copy of the invoice for an asset purchased within the last seven years. According to the Purchase Order provided, this item was purchased in September 2011; therefore, we requested a copy of the invoice.	Per purchase order and invoice provided to the auditors, item cost is less than \$500  Not an Asset
East NY	Professional Effects Mixer	According to H+H officials, they tagged the item for internal monitoring, but as it cost less than \$500, it was not entered in FAM. According to H+H officials, their record retention policy requires they retain documentation for seven years. They can provide a copy of the invoice for an asset purchased within the last seven years. According to the Purchase Order provided, this item was purchased in November 2015; therefore, we requested a copy of the invoice.	Per purchase order and invoice provided to the auditors, item cost is less than \$500  Not an Asset



**Appendix A**

East NY	Tomography Machine	According to H+H officials, they tagged the item incorrectly with a Kings County Hospital Center tag when assembled on site.	Kings and East NY were part of one Network in the recent past and continue to operate as such regarding asset sharing.
RCC	Scanner	According to H+H officials, the item was mass retired; no report was provided.	Asset was not mass retired; was located under the asset ledger
RCC	Exam table	According to H+H officials, the item was mass retired; no report was provided.	Strong possibility that this report was sent to outside storage.
RCC	Dell Computer	According to H+H officials, the item was mass retired; no report was provided. H+H officials subsequently provided the item number which was found in the Fixed Asset Listing under Gouverneur Health. According to H+H officials, RCC is an affiliate of Gouverneur Health.	RCC and Gouverneur were part of one Network in the recent past and continue to operate as such regarding asset sharing. . Asset was located in FAM
RCC	Audio-Visual Receiver	According to H+H officials, this item cost less than \$500 and was not an asset. A copy of the invoice was provided, showing the unit price was \$311.25. Based on the invoice, it appears this item is part of a larger system. According to H+H's Capitalization Policy, an asset with a unit cost of less than \$500 can be capitalized if it is a component of a larger system and is purchased with the original purchase order.	Per purchase order and invoice provided to the auditors, item cost is less than \$500  Not an Asset
Totals:	30 Assets		

Items in the FAM system and not Found at Reported Facility			
Facility	Asset	Comments	NYC H+H Comments
Jacobi	COHERENCE TOMOGRAPHY-3DOCT1000	FAM was incorrect; we located this item at North Central Bronx Hospital instead of at Jacobi as reported in FAM. There was no documentation of the asset transfer.	Jacobi and NCB were part of one Network in the recent past and continue to operate as such regarding asset sharing. This item was found



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			within the "Network."
Jacobi	EEG MACHINE-BRAIN MONITOR	FAM was incorrect; we located this item at North Central Bronx Hospital instead of at Jacobi as reported in FAM. There was no documentation of the asset transfer.	Jacobi and NCB were part of one Network in the recent past and continue to operate as such regarding asset sharing. This item was found within the "Network."
Belvis	Ultrasound Sonogram	The tag number in FAM did not match the tag number on the asset.	Acknowledge; Corrected in FAM
Belvis	I-STAT I Analyzer Immuo-read	The item was tagged incorrectly. Both the tag number on the base and the different tag on the analyzer piece did not match the tag number in FAM.	Acknowledge; Corrected in FAM
Harlem	ANESTHESIA MACHINE	According to Harlem officials, the asset in our sample is a Philips monitor that attaches to the anesthesia machine and there was an error when entering the description into FAM. However, our review of the purchase order provided, showed that an anesthesia machine -with the same unit cost as shown in FAM – was purchased. H+H officials subsequently provided an invoice which was unrelated to the sample asset. We did not observe the anesthesia machine.	Found incorrect item listed. Asset Description is incorrect. This was for 4 monitors of which 3 were shown to the auditors. Documentation was provided
Harlem	ECG MONITORS	According to Harlem officials, the FAM listing is incorrect because the tagged item is a battery for the ECG monitors, not the ECG monitor. They stated that the battery was replaced; therefore, we could not observe it. Harlem officials provided the related purchase order which shows ECG monitors were purchased.	Acknowledge
Harlem	PHUSIOLOGIC MONITORS	According to Harlem Hospital officials, the serial number was not recognized and they could not locate the asset. They subsequently provided an invoice along with the Crothall (third party vendor) system documentation. However, the documentation provided indicated a different serial number and purchase order number than the sample item.	Acknowledge

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**HOSPITALS**

**Appendix A**

Harlem	MEDICAL GRADE REFRIGERATORS	H+H officials could not locate the item, stating that it may have been salvaged for parts. They never provided a relinquishment form for the asset.	This asset was subsequently retired in FAM
Harlem	AIDA DVD-M WITH SMART SCREEN	H+H officials did not locate the item, stating it was too small to find.	This asset was subsequently retired in FAM
Harlem	CAST CUTTER	H+H officials could not locate the item, claiming that it may have been discarded. They never provided support for the disposal of this item.	This asset was subsequently retired in FAM
Harlem	HP - TOUCHSMART DX9000 PCS FOR	According to the relinquishment form, this item was relinquished in August 2010; however, the item inaccurately remained in FAM as of June 2017.	Relinquishment form provided
Harlem	SERVO I INFANT VENTILATORS	According to H+H officials, the item was traded in. The documentation provided did not indicate what Harlem received in return. While the documentation shows that 12 Servo Ventilators were a part of this trade, the tag number and/or serial number from FAM for this sample item are not listed in the documentation. We further note that these items were traded in 2011, three years after the purchase date (the useful life was 10 years). Although these items were traded, they remained in FAM as of June 30, 2017.	H+H agrees that the trade in paperwork did not contain tag or serial numbers. Trading in an asset prior to the end of useful life is not a problem, nor is there a policy precluding it, so the purpose of this part of the comment is unknown.
Belvis	COMPRESSOR_AIR_MOVABLE	According to H+H officials, this asset is a not movable asset and entering the tag number in FAM is not required. The asset was classified as movable in FAM. They explained that the item is a part within a piece of equipment; in order to view it, the equipment would have to be taken apart. Per H+H officials, this was a classification error.	Asset is located installed within another piece of equipment, which was shown to auditor. Documentation indicating the repair was shown.

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South Queens	MOBILE WORKSTATION	According to H+H officials, this workstation was a Lionville brand item, and all Lionville equipment has been relinquished. They provided a relinquishment form dated February 2018 which included numerous Lionville assets; however, as the report did not include the respective facility tag numbers, we could not confirm that the reported relinquished items were our sample items.	This asset was subsequently retired in FAM
South Queens	3 MEDICATION CARTS	Officials at both South Queens and Queens Hospital Center (which is responsible for the ordering of equipment for South Queens), stated that these carts were for in-patient use, and would have never been deployed at South Queens. According to the officials, these 3 medication carts, each costing \$5,794.97, were Lionville brand carts, and all Lionville equipment has been relinquished. They provided a relinquishment form dated February 2018 which included numerous Lionville assets; however, as the report did not include the respective facility tag numbers, we could not confirm that the reported relinquished items were our sample items	This asset was subsequently retired in FAM
South Queens	MEDICATION CART	Queens Hospital Center and South Queens officials stated that this cart was for in-patient use and would have never been deployed at South Queens. However, they provided a relinquishment form showing that this item was relinquished in February 2011. The relinquishment form had no signatures. The item inaccurately remained in FAM as of June 30, 2017.	This asset was subsequently retired in FAM
South Queens	4 DELL LATITUDE D420 LAPTOPS	South Queens officials stated that these four Dell laptops, each costing \$2,335.50, were never sent to the facility. According to H+H officials, these items were relinquished. They never provided relinquishment documentation.	This asset was subsequently retired in FAM



## Appendix A

South Queens	DELL LATITUTDE D420 LAPTOP	South Queens officials stated that this laptop, costing \$2,335.50, was never sent to the facility. According to the relinquishment form provided, this item was relinquished in March 2013. The item inaccurately remained in FAM as of June 30, 2017.	This asset was subsequently retired in FAM
South Queens	EXAM TABLE RITTER	According to H+H officials, this item was broken and replaced. They never provided relinquishment documentation.	This asset was subsequently retired in FAM
South Queens	SUMMIT REFRIGERATOR-10CUFU FRO	According to H+H officials, this item was replaced. They never provided relinquishment documentation.	This asset was subsequently retired in FAM
Bellevue	Dell-Diagnostic Monitor	IT support staff at Bellevue provided a report indicating this item was relinquished sometime in 2011. However, the information in FAM was incorrect because as of June 30, 2017, the item still remained in FAM.	Relinquishment form was provided subsequently retired from FAM
Elmhurst	Samsung Television	According to H+H's relinquishment report, H+H officials disposed of this item in October 2014. However, the information in FAM was incorrect because as of June 30, 2017, the item still remained in FAM.	Relinquishment form was provided subsequently retired from FAM
Elmhurst	Cybernet Medical Computer	According to FAM, the item's location was Elmhurst Hospital. However, FAM was incorrect as we found the item at Queens Hospital Center. H+H officials never provided documentation supporting the asset's transfer.	Elmhurst and Queens were part of one Network in the recent past and continue to operate as such regarding asset sharing. Asset was found within "Network."
Elmhurst	Portable Fiberscope	According to H+H officials, the item was sent for repair in 2012, and payment for the repair was made in July 2012. However, there is no record of the asset's return.	Acknowledge
East NY	Centrifuge	H+H officials provided the relinquishment report for this asset showing this item was disposed of in May 2016.  However the information in FAM was incorrect because as of June 30, 2017, the item was still in FAM.	Relinquishment form was provided subsequently retired from FAM



## Appendix A

East NY	Printer	On June 5, 2018, three months after our visit, H+H officials stated that the item was found. However, we have not yet observed the item.	Item was found and made available for auditor's inspection
East NY	Conference Phone	H+H officials never explained why this item was not found.	Acknowledge
RCC	Refrigerator	According to FAM, this item was located at RCC. However, FAM was incorrect; we found the item at Judson Neighborhood Health Clinic. RCC officials never provided the required documentation supporting the transfer of this asset.	RCC and Judson operate were part of one Network in the recent past and continue to operate as such regarding asset sharing. Asset was found within the "Network."
<b>Totals:</b>	<b>33 Assets</b>		

Facility	Missing Asset	Comments
Bellevue	Computer	H+H officials provided the mass retirement report, showing the item was mass retired in June 2013.
Bellevue	Computer	H+H officials provided the mass retirement report, showing the item was mass retired in June 2013.
Bellevue	Defibrillator	H+H officials provided the mass retirement report, showing the item was mass retired in May 2017.
Elmhurst	Infant Warmer	H+H officials provided the mass retirement report, showing the item was mass retired in June 2017.
Jacobi	Olympus SZ61	According to the Mass Retirement Report, the item was mass retired in May 2016.
Belvis	Desk	According to the Mass Retirement Report, the item was mass retired in May 2016.
Belvis	HP Laser Jet Printer	According to the Mass Retirement Report, the item was mass retired in May 2016.
Belvis	MovinCool Portable AC	According to the Mass Retirement Report, the item was mass retired in May 2016.
Harlem	Food Cart	According to the Mass Retirement Report, the item was mass retired in May 2016.
South Queens	Welch Allyn Vitals Monitor	According to the Mass Retirement Report, the item was mass retired in May 2017.
<b>Total Assets:</b>	<b>10</b>	