



**Internal Audit Report
2020 - 130**

**University of Washington Medical Center
Center for Pain Relief**

December 2020

Submitted to: Jacqueline Cabe, Chief Financial Officer, UW Medicine, and
UW Vice President of Medical Affairs

Lisa Brandenburg, President, UW Medicine Hospitals & Clinics and
Vice President for Medical Affairs

Copies to: Ana Mari Cauce, President
Richelle Bagdasarian, UW Medical Center
Maureen Broom, UW Medicine
Susan Camber, UW Controller's Office
Cynthia Hecker, UW Medical Center
Mindy Kornberg, UW Human Resources
Brian McCartan, UW Finance
Nicki McCraw, Medical Centers Human Resources
JoAnne McDaniels, UW Medical Center



December 21, 2020

Jacqueline Cabe, Chief Financial Officer, UW Medicine, and
UW Vice President of Medical Affairs

Lisa Brandenburg, President, UW Medicine Hospitals & Clinics and
Vice President for Medical Affairs

Re: Audit of UWMC – Center for Pain Relief

Enclosed is the final audit report. We appreciate your response and have included it in the report. In all cases, we concur with the actions planned or already implemented.

Based on the implementation date included in the response, we will perform a follow-up review to determine whether management has acted upon our recommendation and whether the corrective actions have achieved the desired effect.

We appreciate the assistance we received from your staff during this review. If we can be of further service, please call Zenaida Shattuck, Samir Khoury or me at 543-4028.

Sincerely,

A handwritten signature in black ink that reads 'Richard Cordova'. The signature is written in a cursive, flowing style.

Richard Cordova
Executive Director
Internal Audit

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Executive Summary

On July 25, 2020, the Internal Audit department (IA) received a complaint through the UW financial fraud and ethics hotline regarding the UWMC – Center for Pain Relief (clinic). The concern was that a registered nurse 2 (RN2), and an assistant nurse manager (RN3), worked excessive overtime between July 2019 and August 2020. Further, the complainant was concerned that the RN3 left the clinic but continued to be on the clinic's payroll for several months earning additional funds despite performing little to no service.

The objectives of the review were to determine whether:

- The RN2 and RN3 were paid for overtime hours not worked.
- The RN3 was paid after leaving the clinic's payroll.
- Internal controls are sufficient to ensure the overtime hours were properly pre-approved and approved in Kronos, the UWMC's timekeeping system.

During the course of our work we identified an internal control weakness to which we assigned a rating of medium priority. A detailed description of the finding, Internal Audit's recommendation, and management's response is provided in this report.

We concluded that the overtime hours worked by the employees identified in the complaint were verbally pre-approved and justified, and that the RN3 was appropriately paid as an hourly employee. Our review found that both the RN2 and RN3 took on interim leadership roles which required overtime hours to support their additional responsibilities. Specifically, the RN3 became the acting nurse manager when the position became vacant in July 2019 until she took a voluntary demotion in December 2019. She remained on the clinic's payroll as an hourly RN2 to work on an as-needed basis. When the RN3 took a voluntary demotion, the RN2 became the acting RN3. The nurse manager position was filled in January 2020.

We concluded that internal controls are not sufficient. Improvement is needed over the documentation of overtime pre-approvals, Kronos timecard sign-offs and approvals, and monitoring.

Background

On July 25, 2020, the Internal Audit department (IA) received a complaint through the UW financial fraud and ethics hotline regarding the UWMC – Center for Pain Relief (clinic). The allegation is that Chaya Davey, a registered nurse 2 (RN2), and Margarita Sarabia, an assistant nurse manager (RN3), worked excessive overtime between July 2019 and August 2020. Further, the complainant was concerned that the RN3 left the clinic but continued to be on the clinic's payroll for several months earning additional funds despite performing little to no service. The complainant attached an Excel spreadsheet to the complaint documenting questioned overtime hours worked by the RN2 and RN3 from January through December 2019. On August 25, 2020, the complainant attached a second Excel spreadsheet questioning overtime hours worked by the RN2 from January to August 2020.

The center is an outpatient clinic located at UWMC Roosevelt 1 and has an average of 800 visits per month. Of those visits, approximately 30 percent are inpatient consultations. The clinic has a nurse manager, an assistant nurse manager, and registered nurses. The registered nurse position is part of the Washington State Nurses Association (WSNA) – Montlake contract. The clinic utilizes Kronos, the UWMC timekeeping system, for tracking hours worked. Kronos is programmed to calculate overtime based on the article language in the WSNA contract. The clinic is outfitted with badge readers and nurses scan their badges at the beginning and end of their shifts; they do not manually clock in and out of their shifts. The timecards would then be signed off by the employee and approved by the manager in Kronos. Beginning December 2019, UWMC revised its timecard process from a weekly to bi-weekly submission.

In July 2019, the clinic's nurse manager retired. The RN3 was appointed as the interim manager while serving in the RN3 position, essentially performing two jobs. In December 2019, the RN3 applied for the manager position but later withdrew her application. She took a voluntary demotion and agreed to stay on the clinic's payroll as an hourly RN2 to work on an as-needed basis. The RN2 assumed the RN3 responsibilities in addition to her normal duties. However, the manager position remained vacant until it was filled in January 2020.

The director of ambulatory care, responsible for pre-approving overtime hours, would check in with the clinic on a weekly basis and verbally pre-approve any overtime needed by the RN2 and RN3 to support their additional duties. Since her office is located in UWMC Roosevelt 2, the building next to the clinic, she did not have direct knowledge of the hours being worked by the nurses.

Our review found that the complainant brought forth multiple allegations to the director of UW Medicine Human Resources (HR) in January 2020. One of the allegations was that overtime was being distributed unfairly and included the same initial Excel spreadsheet, covering the period January through December 2019, provided to our office through the hotline. HR reviewed the allegation and concluded that the overtime was appropriate based on the clinic's budget and the additional roles taken on by the RN2 and RN3.

Scope

The scope of our audit was to review the internal investigation performed by the director of UW Medicine HR, additional questioned overtime hours worked by the RN2, and the overtime controls that were in place during the period under review. We conducted interviews with the director of UW Medicine HR, director of ambulatory care, and the clinic's current nurse manager. We compared questioned overtime hours to submitted temporary salary increase (TSI) documents showing the effective dates of when the RN2 and RN3 were performing additional duties. We obtained the clinic's overtime data for the period January 2019 through June 2020 to identify additional questioned overtime hours for further review. We also obtained Kronos timecard reports to review employee sign offs and manager approvals.

Our fieldwork took place between October and November 2020.

Objectives and Conclusions

The following table lists the audit objectives and related conclusions:

Objective	Conclusion
The RN2 and RN3 were paid for overtime hours not worked.	The overtime hours worked by the RN2 and RN3 were verbally pre-approved and justified.
The RN3 continued to receive compensation after leaving the clinic's payroll.	The RN3 never left the clinic. She took a voluntary demotion and remained on the clinic's payroll as an hourly RN2 to work on an as-needed basis.
Internal controls are sufficient to ensure that overtime hours were properly pre-approved and approved in Kronos.	Internal controls are not sufficient. Improvement is needed over the documentation of overtime pre-approvals, Kronos timecard sign-offs and approvals, and monitoring.

Summary of Findings

The following table categorizes the number of findings presented to management. The findings are detailed in the following section of this report. Each finding represents a condition, error or internal control weakness identified during the audit that may have a negative impact on the University's or unit's assets, financial information, ability to comply with laws and regulations or University policies and procedures.

For each finding, we prepared a recommendation to address the situation and requested management's plans for remediation. We request that the timing of management's remediation be commensurate with the impact of the finding.

Internal Audit will follow-up with management to determine whether remediation has been implemented in the timeline established for each finding.

Number of Findings	Priority/ Impact Level	Requested Implementation Timeline (months)
0	Critical	Three
0	High	Six
1	Medium	Twelve
0	Low	Twelve
1	TOTAL	

We conducted our examination in accordance with the International Standards for the Professional Practice of Internal Auditing and, accordingly, included such tests of the accounting records and other procedures as we considered necessary in the circumstances.

Findings, Recommendations and Management Response

Finding (Medium Risk)

1. Overtime Control Environment

The clinic does not have adequate controls in place to ensure that the pre-approval of overtime is documented, Kronos timecards are consistently signed off and approved, and that overtime hours are being monitored.

Our review found that the overtime hours worked by the RN2 and RN3 were pre-approved verbally by the director of ambulatory care during weekly check-ins and discussions. The pre-approval of overtime was not being documented and retained. Further, we reviewed Kronos reports and found that timecards were not consistently signed off by the employee, or approved by a manager. In some cases, the timecard was approved by someone without direct knowledge of the hours worked by the employee.

Our review also found that, in August 2020 (for pay period ending 7/31/20), the nurse manager began receiving incremental overtime reports from payroll services in order to monitor overtime across the clinic. We did not find any evidence that overtime hours were adequately being monitored prior to August 2020.

Without adequate controls over overtime, there is a risk the clinic will not be able to demonstrate compliance with the WSNA contract which states that all overtime should be approved in advance. There is also a risk that the clinic will not be able to demonstrate that overtime hours are justified, approved, and ensure fair distribution of hours across the clinic.

WSNA - Montlake (Article 7): <https://hr.uw.edu/labor/staff-unions/wsna-montlake/contract>

Recommendation

Management should strengthen its controls over overtime by retaining documentation demonstrating that overtime hours are pre-approved and justified.

Management should also implement monitoring procedures to ensure Kronos timecards are consistently signed off and approved, and that overtime hours are fairly distributed across the clinic.

Finding (Medium Risk)**1. Overtime Control Environment (cont.)****Management Response**

We agree and have implemented a process to approve all employee timecards, and require all overtime to have advanced approval by a supervisor in writing except where it is needed for urgent patient care. Any variance from scheduled hours is noted by employees in the Kronos exception log, and will indicate if the overtime was for urgent patient care. Communication of the new requirements was sent to staff on December 18, 2020.

Management will also continue to consider staff availability and qualifications to adequately cover shifts and equitably distribute overtime hours.

Implementation date: *December 18, 2020*