



***The City of New York
Office of the Comptroller
Bureau of Financial Audit***

WILLIAM C. THOMPSON, JR.
Comptroller

**Audit Report on the
Financial and Operating Practices of
the Children of Bellevue, Inc.**

FM01-195A

April 17, 2002

***The City of New York
Office of the Comptroller
Bureau of Financial Audit***

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Financial and Operating Practices
of the Children of Bellevue, Inc.**

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EXECUTIVE SUMMARY

The Children of Bellevue, Inc., is a nonprofit organization that initiates, develops, and funds special programs and acts as an advocate for children and their families within the Bellevue Hospital Center. The Children of Bellevue is subject to the rules and regulations adopted by the New York City Health and Hospitals Corporation (HHC). HHC rules governing the Children of Bellevue include Operating Procedure No. 10-20, issued in July 1987, that sets forth the procedures and regulations that must be followed by HHC "Auxiliary Organizations." For purposes of this report, we refer to the Children of Bellevue as the "Auxiliary."

Among the services sponsored by the Auxiliary are a child protection and development center, which seeks to minimize the trauma of child abuse, and an early literacy program. The Auxiliary sponsors fund-raising events and solicits donations to support its activities from individuals, corporations, foundations, and government agencies. The Auxiliary also generates income from investments and from interest received on bank deposits. In calendar year 2000, the Auxiliary had total support and revenue of \$1,640,946 and expenses of \$1,279,789.

The audit's objectives were to determine whether revenues and expenses are recorded accurately, and are fairly stated in the Auxiliary's financial statements, whether the Auxiliary incurred expenses in compliance with prescribed guidelines and bylaws, and whether such expenses were reasonable and appropriate.

Our review of the Auxiliary's financial records for January 1, 2000, through December 31, 2000, found that the Auxiliary's revenues and expenses were accurately recorded on its financial statements, and expenses were generally reasonable, appropriate, and complied with prescribed guidelines and bylaws.

However, there were some weaknesses in the Auxiliary's financial and operating practices. Specifically, the Auxiliary paid New York University (NYU) \$194,234 without adequate documentation. The payment was to reimburse NYU for the salaries of three NYU employees who purportedly provided services to Bellevue Hospital's pediatric programs. The Auxiliary also paid \$2,739 for questionable items, including gifts and flowers for Board members and employees, in violation of HHC Operating Procedures.

Finally, the Auxiliary was not paid by Cinemat, a concessionaire that operates the videocassette vending machine in Bellevue Hospital. As a result of our bringing this issue to the attention of Auxiliary and Bellevue officials, the Auxiliary recouped \$1,136 from Cinemat for the period November 1999 to December 2001. However, we cannot be assured that Auxiliary received the correct amount due since the contract does not require that Cinemat submit gross revenue reports to the Auxiliary and the Auxiliary did not review Cinemat's accounting records.

Consequently, our report recommended that the Auxiliary ensure that:

- All payments for reimbursing salaries of NYU employees are supported by a formal agreement with NYU. The agreement should specify the services to be provided, the hours to be worked, and the amounts to be paid. In addition, the agreement should require that NYU submit documentation, such as timesheets or timecards, showing the hours worked and services provided, to support amounts requested.
- It pays only expenses that are in accordance with HHC Operating Procedures.
- The Cinemat contract is revised to include a provision requiring that the concessionaire submit gross revenue reports to support fees due. As an alternative, given the minimal amount of fees involved, the contract should be revised to include a flat fee payment rather than a fee based on a percentage of gross revenue.

Discussion of Audit Results

The matters covered in this report were discussed with HHC, Bellevue Hospital, and Auxiliary officials during and at the conclusion of this audit. A preliminary draft report was sent to HHC, Bellevue, and Auxiliary officials and discussed at an exit conference held on March 12, 2002. On March 25, 2002, we submitted a draft report to HHC, Bellevue, and Auxiliary officials with a request for comments. On April 8, 2002, we received a written response from HHC officials on behalf of Bellevue and Auxiliary officials. HHC officials agreed with the audit findings and recommendations, and indicated that all the recommendations will be implemented by July 15, 2002.

The full text of the written comments received from HHC officials is included as an addendum to this report.

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***The City of New York
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INTRODUCTION

Background

The Children of Bellevue, Inc., is a nonprofit organization that initiates, develops, and funds special programs and acts as an advocate for children and their families within the Bellevue Hospital Center.¹ The Children of Bellevue is subject to the rules and regulations adopted by the New York City Health and Hospitals Corporation (HHC). HHC rules governing the Children of Bellevue include Operating Procedure No. 10-20, issued in July 1987, that sets forth the procedures and regulations that must be followed by HHC “Auxiliary Organizations.”² For purposes of this report, we refer to the Children of Bellevue as the “Auxiliary.”

Among the services sponsored by the Auxiliary are a child protection and development center, which seeks to minimize the trauma of child abuse, and an early literacy program, which enables volunteers to regularly read to youngsters in various hospital divisions.

The Auxiliary sponsors fund-raising events and solicits donations to support its activities from individuals, corporations, foundations, and government agencies. The Auxiliary also generates income from investments and from interest received on bank deposits.

Funds received by the Auxiliary are classified as either “unrestricted” or “temporarily restricted.” Unrestricted funds may be used for any purchase that the Auxiliary deems necessary for patient-related care. Temporarily restricted funds can be used only for specific purposes or by

¹ The Auxiliary was originally founded in 1949 as the Recreation Services for Children of Bellevue, Inc., to provide recreation and “mothering” through arts, crafts, music, and tender loving care. The Auxiliary was renamed Children of Bellevue, Inc., in 1971.

² According to OP10-20, “any organization which is an ‘association on behalf of,’ ‘friends of’ or any other group with related activities that uses the hospital’s name, regardless of whether it calls itself an Auxiliary” is subject to this procedure.

specific departments. The use of temporarily restricted funds is governed by provisions designated in the funding bequests, grant letters, etc.

In calendar year 2000, the Auxiliary had total support and revenue of \$1,640,946 and expenses of \$1,279,789, as shown on Table I below:

Table I
Support and Revenue, and Expenses of Children of Bellevue
Calendar Year 2000

Contributions	\$133,252
Grants	662,976
Events	102,583
Interest and dividends	241,703
Commissions	35,610
Realized gains from sale of investments	464,822
Total Support and Revenues	\$1,640,946
Program services	\$1,050,337
Management and general expenses	229,452
Total Expenses	\$1,279,789

Objectives

To determine whether:

- Revenues and expenses are recorded accurately, and are fairly stated in the Auxiliary's financial statements,
- The Auxiliary incurred expenses in compliance with prescribed guidelines and bylaws, and whether such expenses were reasonable and appropriate.

Scope and Methodology

The scope of the audit covered the calendar year 2000. To achieve our audit objectives, we interviewed personnel responsible for the Auxiliary's day-to-day operations. To determine whether the Auxiliary's internal controls over the processing of revenues and expenses were adequate, we interviewed personnel to determine whether responsibilities were adequately segregated, assets were safeguarded, and authorization and approval requirements were met. To determine whether transactions were properly authorized, we reviewed invoices, check requisitions, and canceled checks.

To confirm whether revenue was accurately reported on the Auxiliary's financial statements, we traced the December 2000 general ledger income amounts to the cash receipts

journal, bank statement, deposit slips, and related source documents. We also traced revenue recorded in the general ledger to the financial statements for calendar year 2000.

To determine whether the Auxiliary recorded all revenue collected from the gift shop concession, we traced the amounts on the December 2000 concession report to the Auxiliary's cash receipts journal. We also traced the amounts recorded in the cash receipts journal to the general ledger and to the bank statements.

With regard to investment income, we examined monthly investment reports prepared by the Auxiliary's investment advisor and investment schedules prepared by the Auxiliary's CPA to determine whether the amounts were accurately reported on the financial statements.

To determine whether expenses were accurately reported, we traced all disbursements recorded in the December 2000 general ledger to the cash disbursements journal, bank statement, invoices, and other related purchasing documents. In addition, we traced expenses recorded in the general ledger to the financial statements for calendar year 2000.

To ascertain whether expenses incurred by the Auxiliary were in accordance with HHC Operating Procedures, we examined all December 2000 expense entries in the general ledger. In addition, we conducted detailed tests of expenses for the following general ledger accounts: "Business Gifts," "Dues and Subscriptions," "Meals," "Outside Help Services," "Transportation," "Client Travel," and "Training and Conferences." Specifically, we confirmed whether the Auxiliary had documentation showing that the expenses were related to patient care and were authorized by appropriate Auxiliary officials.

To determine whether salaries paid were adequately supported, we traced work hours recorded on timesheets to the payroll register for all nine Auxiliary employees on payroll during the period December 8–21, 2000. We also examined time records for 15 of 19 Bellevue Hospital employees who worked for the Auxiliary during the period September 17–23, 2000.³ (The Auxiliary reimbursed Bellevue Hospital for all or a portion of the salaries of the 19 employees.)

Finally, we reviewed the Auxiliary's bank reconciliation for December 2000 and confirmed whether all checks paid, outstanding, and voided were accounted for.

This audit was conducted in accordance with Generally Accepted Government Auditing Standards (GAGAS) and included tests of the records and other auditing procedures considered necessary. This audit was performed in accordance with the City Comptroller's audit responsibilities as set forth in Chapter 5, § 93, of the New York City Charter.

³ Copies of timesheets for the four remaining employees were illegible.

Discussion of Audit Results

The matters covered in this report were discussed with HHC, Bellevue Hospital, and Auxiliary officials during and at the conclusion of this audit. A preliminary draft report was sent to HHC, Bellevue, and Auxiliary officials and discussed at an exit conference held on March 12, 2002. On March 25, 2002, we submitted a draft report to HHC, Bellevue, and Auxiliary officials with a request for comments. On April 8, 2002, we received a written response from HHC officials on behalf of Bellevue and Auxiliary officials. HHC officials agreed with the audit findings and recommendations, and indicated that all the recommendations will be implemented by July 15, 2002.

The full text of the written comments received from HHC officials is included as an addendum to this report.

OFFICE OF THE COMPTROLLER
NEW YORK CITY

DATE FILED: April 17, 2002

FINDINGS AND RECOMMENDATIONS

Auxiliary revenues and expenses were accurately recorded on the Auxiliary's financial statements and expenses were generally reasonable, appropriate, and complied with prescribed guidelines and bylaws. Specifically:

- The Auxiliary properly recorded contributions and investment interest; reconciled the cash receipts to the bank statements; and deposited receipts into its bank accounts in a timely manner.
- Expenditures were accurately posted to the general ledger and matched corresponding invoices or authorizations.
- Adjusting entries and estimates made on revenue and expense accounts were appropriate and reasonable.
- Individual gifts of securities were properly safeguarded and accurately reported on the financial statements.
- Auxiliary employees were paid the correct amounts.

However, there were some weaknesses in the Auxiliary's financial and operating practices. Specifically, the Auxiliary paid New York University (NYU) \$194,234 without adequate documentation. It paid \$2,739 for questionable items, including gifts and flowers for Board members and employees. It did not ensure that a concessionaire paid required fees. These issues are discussed in further detail in the following sections of this report.

Lack of Documentation to Support Payments to New York University

The Auxiliary paid \$194,234 to NYU without adequate documentation. According to Auxiliary officials, the \$194,234 was paid to NYU to reimburse it for the salaries of three NYU employees (a program coordinator, a psychologist, and a pediatrician) who purportedly provided services to Bellevue Hospital's pediatric programs.

The payments to NYU were not adequately supported by the Auxiliary. Specifically, there was no written agreement with NYU indicating what services were to be provided, the hours to be worked, and the amounts to be paid. In addition, the only records supporting these payments were invoices from NYU; no timesheets, timecards, or other documentation were provided. Without such documentation, we cannot be assured that the services the Auxiliary paid for were actually received by the hospital.

Questionable Expenses

The Auxiliary made questionable payments totaling \$2,448 for expenses that were not directly related to patient care, in violation of HHC Operating Procedure 10-20. Specifically, the Auxiliary paid \$1,324 for cards, gifts, and flowers for Auxiliary employees and Board members, \$300 for tickets to a benefit sponsored by another Bellevue Hospital auxiliary, \$240 for membership dues, and \$584 for an announcement in an obituary listing.

In addition, the Auxiliary reimbursed an employee \$491 for a two-night stay at a hotel. However, according to HHC Operating Procedure 10-10, the maximum reimbursement amount for a two-night hotel stay is \$200.

Fees Owed by Concessionaire

The Auxiliary was not paid by Cinemat, a concessionaire that operates the videocassette vending machine in Bellevue Hospital. Cinemat's contract calls for it to pay the Auxiliary 7 percent of its gross video rental revenue. As a result of our bringing this issue to the attention of Auxiliary and Bellevue officials, the Auxiliary recouped \$1,136 from Cinemat for the period November 1999 to December 2001. However, we cannot be assured that Auxiliary received the correct amount due since the contract does not require that Cinemat submit gross revenue reports to the Auxiliary and the Auxiliary did not review Cinemat's accounting records.

Recommendations

The Auxiliary should ensure that:

1. All payments for reimbursing salaries of NYU employees are supported by a formal agreement with NYU. The agreement should specify the services to be provided, the hours to be worked, and the amounts to be paid. In addition, the agreement should require that NYU submit documentation, such as timesheets or timecards, showing the hours worked and services provided, to support amounts requested.

HHC Response: “Bellevue Hospital will execute a ‘Memorandum of Understanding’ agreement with NYU for the provision of services to Bellevue Hospital Center. Further, this agreement shall contain provisions concerning hours to be worked and the amount to be paid for services rendered.

“The Memorandum of Understanding shall also require that NYU employees sign in an official log book which, when co-signed by a department supervisor, will attest to services rendered on a week to week basis, as well as support for payments made to New York University. Moreover, NYU will be instructed to submit a bona fide invoice for service rendered, before payment can be made.”

2. It pays only expenses that are in accordance with HHC Operating Procedures.

HHC Response: “The Auxiliary accepts this recommendation and will only pay expenses that are in accordance with HHC Operating Procedures. Also, the Auxiliary’s disbursement procedures will be strengthened to ensure that all future payments are made within established guidelines, as required by NYC HHC.”

3. The Cinemat contract is revised to include a provision requiring that the concessionaire submit gross revenue reports to support fees due. As an alternative, given the minimal amount of fees involved, the contract should be revised to include a flat fee payment rather than a fee based on a percentage of gross revenue.

HHC Response: “The Auxiliary will request the Bellevue Hospital Center to revise the contract with Cinemat. The revised contract should require the vendor to submit gross revenue reports to the Auxiliary for verification and allow the Auxiliary to review the vendors accounting records. The contract should also have a flat fee provision.”

Addendum I - Response from the
Health and Hospitals Corporation



NEW YORK CITY HEALTH AND HOSPITALS CORPORATION
125 Worth Street • New York • New York • 10013
212-295-5810 • Fax: 212-295-5645 • E-mail: CHUBMD@NYCHHC.ORG

Benjamin K. Chu, M.D.
President

Control No. OIA 02-06

April 8, 2002

Mr. Roger Liwer
Assistant Comptroller for Audits
The City of New York
Office of Comptroller
1 Centre Street, Room 1100 North
New York, New York 10007-2341

RE: AUDIT REPORT ON THE FINANCIAL AND OPERATING PRACTICES OF
THE CHILDREN OF BELLEVUE, INC. (FM 01-195A)

Dear Mr. Liwer:

Thank you for the opportunity to respond to the draft audit report concerning the Children of Bellevue, Inc. I was pleased to read, as our audit report also indicated, that the Auxiliary's revenues and expenses were accurately recorded and expenses were generally reasonable, appropriate and complied with prescribed guidelines and bylaws.

The payments made to New York University supported the salaries of a pediatrician, psychologist and program coordinator who provided enhanced services to Bellevue's outpatient pediatric population. Although the Auxiliary received written confirmation of the hours worked and services provided, the arrangement will be formalized through a Memorandum of Understanding. Further, the Facility will require the providers to sign a logbook that will be co-signed by the facility's department supervisor attesting to services rendered and hours worked.

Regarding the Auxiliary expenditures deemed questionable by the auditors, it should be noted all the transactions that transpired during the month of December 2000 totaling \$300,367 were tested. As a result, they remarked on transactions totaling only \$2,448, or less than one percent of the total expended. However, as an added control, the facility will now require the Director of Public Relations to review the Auxiliary's requests for disbursements. This will enhance the monitoring process to ensure full compliance with the Corporation's procedures.

The new contract with Cinemat will clearly delineate the terms of the agreement and specify the concessionaire's responsibilities for the timely submission of required documents and commission payments.

Over the past several years, we have made significant progress in the improvement and accountability of our Auxiliary operations through HHC's Office of Internal Audits and the

**Addendum I - Response from the
Health and Hospitals Corporation**

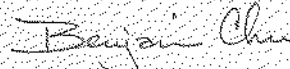
Mr. Roger Liwer
Assistant Comptroller for Audits
April 8, 2002

management of our contracted external audit process. We continue to work toward further improvements and perform follow-up reviews on the Comptroller's recommendations through our routine annual audit process to ensure full compliance with the Corporation's operating procedures and relevant Auxiliary guidelines.

Attachment I is the Corporation's detailed response and Attachment II is the Audit Implementation Plan which addresses all the recommendations in your report.

Should you have any questions concerning this response, please contact Mr. Alex Scoufaras, Corporate Director, Internal Audits at (212) 730-3123.

Sincerely,


Benjamin K. Chu, M.D.

Enclosures

CC: F.J. Cirillo, Senior Vice President, Operations
C.F. Perez, Senior Vice President, South Manhattan Network
A. Cohen, Network Chief Financial Officer, South Manhattan Network
D. Cates, Chief of Staff, Office of the President
L. Brown, Senior Vice President, Corporate Planning, Community Health & Intergovernmental Relations
A. Scoufaras, Corporate Director, Office of Internal Audits
N. Stent, Executive Assistant, Corporate Planning, Community Health & Intergovernmental Relations
J. Borynack, President, Children of Bellevue, Inc.
K. Schermerhorn, Director of Development, Children of Bellevue, Inc.
P. DuBose, Controller, Bellevue Hospital Center
M. Morgese, Assistant Director, City of New York Office of the Comptroller
B. Bernstein, Senior Auditor, Mayor's Office of Operations
W. Otero, Assistant Director, Office of Internal Audits



BELLEVUE HOSPITAL CENTER

First Avenue at 27th Street
New York, NY 10016
Tel: (212) 562-4141

MEMORANDUM

TO: Alex Sconfaraz
Corporate Director
Internal Audits

FROM: Pierre DuBose
Controller *jad*

DATE: 27 March 2002

SUBJECT: NYC COMPTROLLER'S AUDIT NO. FM01-195A ON THE
FINANCIAL AND OPERATING PRACTICES OF THE
CHILDREN OF BELLEVUE, INC.

We have reviewed the subject draft audit report dated March 23, 2002, and our proposed response to the NYC Comptroller's findings and recommendations are outlined below. Please note, our response provides commentary with regard to the auditor's observations and conclusions.

Enclosed also, please find our corrective action plans and implementation dates for corresponding recommendations utilizing Part A of the Audit Implementation Plan.

P.5, Paragraph 2: "...the Auxiliary paid New York University (NYU) \$194,234 without adequate documentation..."

Response

Children of Bellevue, Inc. did pay New York University \$194,234 for services provided. Each individual department head that is responsible for oversight of program activities in their respective areas, have provided written confirmation that service providers were on hand at all designated times and worked as required.

**Addendum I - Response from the
Health and Hospitals Corporation**

P.6 Paragraph 2: "...there was no written agreement with NYU indicating what services were to be provided, the hours to be worked, and the amounts to be paid."

P. 7, Recommendation:

"The Auxiliary should ensure that: All payments for reimbursing the salaries of NYU employees are supported by a formal agreement with NYU. The agreement should specify the services to be provided, the hours to be worked, and the amounts to be paid. In addition, the agreement should require that NYU submit documentation, such as timesheets or timecards, showing the hours worked and services provided, to support amounts requested."

Response

Bellevue Hospital Center will execute a "Memorandum of Understanding" agreement with NYU for the provision of services to Bellevue Hospital Center. Further, this agreement shall contain provisions concerning hours to be worked and the amount to be paid for services rendered.

The Memorandum of Understanding shall also require that NYU employees sign in an official log book which, when co-signed by a department supervisor, will attest to services rendered on a week to week basis, as well as support for payments made to New York University. Moreover, NYU will be instructed to submit a bona fide invoice for service rendered, before payment can be made.

**Addendum I - Response from the
Health and Hospitals Corporation**

P.5, Paragraph 2: "...paid \$2,739 for questionable items, including gifts and flowers for Board members and employees..."

P.6, Paragraph 3: "...the Auxiliary made questionable payments totaling \$2,448 for expenses that were not directly related to patient care..."

Response

The Children of Bellevue, Inc. is committed to strict adherence to the NYC HHC Operating Procedure #10-20, which governs all auxiliary activities. Furthermore, the Auxiliary, Auxiliary Board of Directors, and staff administrators are very supportive of the activity guidelines contained in this policy.

Children of Bellevue, Inc. has placed specific attention on this section of the policy, wherein, it is stated that, "Auxiliaries may engage in the following activities... Improve the image and perception of the hospital and to enlarge community outreach efforts..." The questioned costs were made with the assumption that these disbursements were being made in accordance with Corporate policies and procedures.

P. 7, Recommendation:

"...ensure that: It pays only expenses that are in accordance with HHC Operating Procedures."

Response

The Auxiliary accepts this recommendation and will only pay expenses that are in accordance with HHC Operating Procedures. Also, the Auxiliary's disbursement procedures will be strengthened to ensure that all future payments are made within established guidelines, as required by NYC HHC.

P.8, Paragraph 2: "...did not ensure that a concessionaire paid required fees..."

Response

The Children of Bellevue, Inc. pursuant to NYC HHC Operating Procedure 10-20, must "act as agent for the institution in receiving and administering funds" and "ensure that any vendor for which it is charged with the collection of fees, does collect the required fees in a timely and consistent manner."

**Addendum 1 - Response from the
Health and Hospitals Corporation**

P.6, Paragraph 5: "...we can not be assured that Auxiliary received the correct amount due since the contract does not require...gross receipt reports to the Auxiliary and the Auxiliary did not review Cinemat's accounting records."

P. 7, Recommendation: "...ensure that: The Cinemat contract is revised to include a provision requiring that the concessionaire submit gross revenue reports to support fees due. As an alternative, given the minimal amount of fees involved, the contract should be revised to include a flat fee payment rather than a fee based on a percentage of gross revenue."

Response

The Auxiliary will request the Bellevue Hospital Center to revise the contract with Cinemat. The revised contract should require the vendor to submit gross revenue reports to the Auxiliary for verification and allow the Auxiliary to review the vendors accounting records. The contract should also have a flat fee provision.

Should you have any questions, please call me, or James Saunders at 562-4516.

Cc: C. Perez, Senior Vice-President, South Manhattan Network
A. Cohen, Chief Financial Officer, Bellevue Hospital Center
J. Boryniack, President, Children of Bellevue, Inc.
K. Schermerhorn, Director of Development, Children of Bellevue, Inc.
C. Byrne, Director of Internal Audits, Bellevue Hospital Center
J. Saunders, Director Public Affairs, Bellevue Hospital Center
M. Clayman, Treasurer, Children of Bellevue, Inc.

ATTACHMENT II
PART A

Date: March 13, 2002 Audit Agency: Office of the Comptroller-
Bureau of Management Audit

Audit No. FM01-95A OMB Control No. _____

Audit Title: Audit Report of the Financial and Operating Practices of the Children of Bellevue, Inc.

Audit Date: Year 1999

Agency: NYC DHC

MAYOR'S OFFICE OF OPERATIONS,
AUDIT COORDINATION AND REVIEW
AUDIT IMPLEMENTATION PLAN

RECOMMENDATION WITH WHICH THE AGENCY AGREES AND INTENDS TO IMPLEMENT	METHODS/PROCEDURES	IMPLEMENTATION TARGET DATE	PROGRAM IMPROVEMENTS/DOLLARS SAVINGS INCREASED REVENUE WITH TIME TABLE
Recommendation #1 The Auxiliary should ensure that: All patients for reimbursing services of NYU employees are supported by a financial agreement with NYU. The agreement should specify the services to be provided, the hours to be worked, and the amounts to be paid. In addition, the agreement should require that NYU submit documentation, such as timesheets or timecards, showing the hours worked and services provided, to support amounts requested.	BHC Management will develop and execute a "Memorandum of Understanding" (MOU) agreement with NYU. This MOU will serve as a formal agreement for the provision of staff that NYU will supply to the hospital. BHC will in turn receive an invoice for services rendered. Checks will be prepared and made payable to BHC by Children of Bellevue, Inc. to fund the cost of services rendered by NYU. The MOU shall specify services to be provided, hours to be worked, and the amounts to be paid.	<u>May 15, 2002</u>	Formalize service provision requirements and subsequent payment for services rendered.
Recommendation #2 The Auxiliary should ensure that: It pays only expenses that are in accordance with HHC Operating Procedures.	Addition: Hospital administrative oversight (Director of Public Affairs) will be included in the "request for disbursement" process to ensure compliance with HHC Operating Procedures.	<u>April 01, 2002</u>	Compliance with HHC Operating Procedures will be ensured.
Recommendation #3 The Auxiliary should ensure that: The Current contract is revised to include a provision requiring that the contractor submit gross revenue reports to support fees due. As an alternative, given the minimal amount of fees involved, the contract should be revised to include a flat fee payment rather than a fee based upon a percentage of gross revenue.	Upon contract renewal with Children, this vendor will be required to submit gross revenue reports to support fees due. If this is not feasible, then payment of a flat fee on a monthly basis will be initiated.	<u>May 15, 2002</u>	Ensure accurate and appropriate payments will be made.

02-06, JRF Children of Bellevue, Audit by NYC Comptroller 01-13-02/Healthline

Addendum I - Response from the
Health and Hospitals Corporation