



THE STATE UNIVERSITY of NEW YORK

Monica Rimai
Senior Vice Chancellor and
Chief Operating Officer

June 30, 2010

System Administration
State University Plaza
Albany, New York
12246

518.320.1281
fax - 518.320.1544

monica.rimai@suny.edu
www.suny.edu

Mr. Kenrick Sifontes
Audit Manager
Office of the State Comptroller
110 State Street
Albany, New York 12236

Dear Mr. Sifontes:

In accordance with Section 170 of the Executive Law, we are providing our comments to the follow-up review report on the State University of New York Downstate Medical Center (Downstate) – Practices Related to Payroll Overpayments (2010-F-11) issued on May 24, 2010. Our specific comments to the recommendations not fully implemented follow:

Recommendation 2: *Develop and implement detective controls such as timesheet tracking and requiring that undistributed payroll checks and direct deposit remittance advices be returned to the Payroll Unit for further handling.*

Status: Partially Implemented

Agency Action (as reported by OSC): Our review found that Downstate officials have developed and implemented detective controls such as timesheet tracking and the requirement that undistributed payroll checks be returned to the Payroll unit. However, we found that direct deposit remittance advices were not returned to the Payroll Unit. Downstate officials advised us it is not practical to return undistributed direct deposit remittance advices to the Payroll Unit because most of the advices were previously mailed directly to the employee's home.

Downstate's response: Agree. As stated above, the return of the direct deposit remittance is impractical. Downstate will track employee timesheets to help ensure that employees are working and those individuals who are no longer working are removed from the payroll in a timely manner.

Recommendation 3: *Comply with OSC Bulletin 470 and immediately notify all employees of an overpayment. Send out repayments requests to all recipients of overpayment, which includes the correct amount of the outstanding balances owed.*

Status: Not Implemented

Agency Action (as reported by OSC): Our review found that five of the ten employees we sampled were not notified of their overpayment in writing as required by OSC Bulletin 470. Downstate officials informed us that since they were acting proactively to recoup and account for overpayments, they did not send overpayment letters to those employees whose accounts were already being addressed and collected. Downstate officials advised us that going forward, they will send out repayment request letters to all recipients of overpayments, regardless of whether the overpayment is already being addressed and collected.

Downstate's Response: Agree. Downstate is proactively working to recoup and account for overpayments; however, in some instances advisory letters were not issued. As stated above, Downstate has taken corrective actions to be fully compliant with OSC Bulletin 470.

Recommendation 4: *Comply with the Division of Budget Policy and Reporting Manual and develop a formal tracking mechanism that identifies overpayment actions taken such as sending overpayment letters and State Attorney General Office referrals.*

Status: Partially Implemented

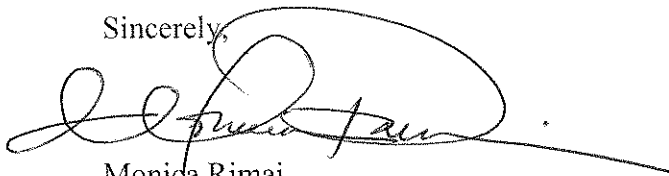
Agency Action (as reported by OSC): During the period July 2009 through February 2010 Downstate made \$203,711 in overpayments to 42 employees. Of this amount, \$139,234 had been recovered as of April 26, 2010. Downstate officials have developed an Overpayment Recovery Correspondence report (Recovery Report) to formally track overpayment actions taken such as sending overpayment letters to employees and referrals to the State Attorney General Office. We reviewed a sample of ten of those overpayments to ensure the accounts had been tracked using the Recovery Report. We found that five of the ten accounts were not listed on the Recovery Report. Downstate officials advised us that, as a result of our review, they gained a clearer understanding of the need to record every overpayment, regardless of whether the overpayment had been addressed and collected.

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Downstate's Response: Agree. As some overpayments were proactively addressed and recouped, they were not placed on Downstate's overpayment roster and the individuals were not issued an advisory letter. Downstate has amended its process to comply with the Division of Budget Policy and Reporting Manual. All overpayments are now recorded and tracked.

If you have any questions, please contact Mike Abbott at (518) 320-1533 or michael.abbott@suny.edu.

Sincerely,

A handwritten signature in black ink, appearing to read 'Monida Rimai', with a large, looping flourish extending to the right.

Monida Rimai
Senior Vice Chancellor and
Chief Operating Officer

Copy: President LaRosa
Ms. Poncet
Mr. Deane
Ms. Kilkenny
Mr. Lukacs