

**University of Rochester and Related Entities**  
**Schedule of Findings and Questioned Costs**  
**Year Ended June 30, 2023**

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**Section I – Summary of Auditor’s Results**

***Financial Statements***

Type of auditor’s report issued: Unmodified opinion

Internal control over financial reporting:

Material weakness(es) identified? \_\_\_\_\_ Yes      X   No

Significant deficiency(ies) identified that are not considered to be material weaknesses? \_\_\_\_\_ Yes      X   None reported

Noncompliance material to financial statements noted? \_\_\_\_\_ Yes      X   No

***Federal Awards***

Internal control over major programs:

Material weakness(es) identified? \_\_\_\_\_ Yes      X   No

Significant deficiency(ies) identified that are not considered to be material weaknesses? \_\_\_\_\_ Yes      X   None reported

Type of auditor’s report issued on compliance for major programs: Unmodified opinion

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?   X   Yes    \_\_\_\_\_ No

Identification of major programs:

<b><i>Assistance Listing Number(s)</i></b>	<b><i>Name of Federal Program or Cluster</i></b>
93.498	COVID-19 Provider Relief Fund and American Rescue Plan (ARP) Distribution
97.036	COVID-19 Disaster Grants – Public Assistance (Presidentially Declared Disasters)
Various	Student Financial Assistance
Various	Research & Development Cluster

Dollar threshold used to distinguish between Type A and Type B programs: \$3,000,000

Auditee qualified as low-risk auditee?   X   Yes    \_\_\_\_\_ No

**University of Rochester and Related Entities**  
**Schedule of Findings and Questioned Costs**  
**Year Ended June 30, 2023**

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**Section II – Financial Statement Findings**

None noted in the current year.

# University of Rochester and Related Entities

## Schedule of Findings and Questioned Costs

### Year Ended June 30, 2023

#### Section III - Federal Award Findings and Questioned Costs

2023-001: (A) (B) Unallowed COVID-19 expenditures reported within the Health Resources Services Administration (HRSA) Provider Relief Fund (PRF) Portal  
 Program: COVID-19 - Provider Relief Fund and American Rescue Plan (ARP) Distribution  
 Assistance Listing Number: 93.498  
 Agency: Department of Health and Human Services (HHS)  
 Award Year: 1/1/2020-6/30/2023  
 Award Number: Not available

#### Criteria

Law (Pub. L. No. 116-136, 134 Stat. 563 and Pub. L. No. 116-139, 134 Stat. 622 and 623) notes that PRFs should be used to prevent, prepare for, and respond to coronavirus, domestically or internationally, for necessary expenses to reimburse, through grants or other mechanisms, eligible health care providers for health care related expenses or lost revenues that are attributable to coronavirus. Additionally, these funds may not be used to reimburse expenses or losses that have been reimbursed from other sources or that other sources are obligated to reimburse.

#### Condition

The University of Rochester and Related Entities had 11 Period 4 submissions and 2 Period 5 submissions into the HRSA portal. Period 4 reporting was completed by the following entities: 1. University of Rochester, 2. UR Medicine Home Care, Certified Services, Inc., 3. St. James Hospital, 4. The Frederick Ferris Thompson Hospital, 5. MM Ewing Continuing Care Center, 6. Nicholas H. Noyes Memorial Hospital, 7. Memorial Hospital of William F and Gertrude F Jones Inc. 8. The Highlands Living Center Inc., 9. Highland Hospital of Rochester, 10. Meadows at Westfall, Inc., and 11. FFT Senior Communities, Inc. Period 5 reporting was completed by the following entities: 1. UR Medicine Home Care, Certified Services, and 2. Highland Community Development Corp (d/b/a Highlands at Pittsford).

From the detailed listing of expenses across the Period 4 HRSA submissions, we performed allowability testing of the “Unreimbursed Expenses Attributable to Coronavirus” in accordance with the Department of Health and Human Services (HHS) terms and conditions. The following table illustrates COVID-19 expenditures overstated (unallowable expenditure) in the Period 4 HRSA submissions by entity, by quarter and in total on a consolidated basis across the organization.

Entities	Other PRF Expenses	Quarter 3 (July - September 2021)	Quarter 4 (October - December 2021)	Quarter 1 (January - March 2022)	Total Overstated expenses
UR Medicine Home Care	Personnel		445		445
Nicholas H. Noyes Memorial Hospital	Supplies			104,368	104,368
St. James Hospital	Personnel	240	98,279		98,519
<b>Total - Overstated expenses</b>		<b>\$ 240</b>	<b>\$ 98,724</b>	<b>\$ 104,368</b>	<b>\$ 203,332</b>

#### Cause

The causes of the issues noted above were due to a lack of consistency in tracking and reviewing COVID-19 expenditures for inclusion in the Period 4 reporting across the organization.

#### Effect

University of Rochester and Related Entities’ Period 4 HRSA Reporting Portal submissions inaccurately captured total “Other PRF Expenses”.

# University of Rochester and Related Entities

## Schedule of Findings and Questioned Costs

### Year Ended June 30, 2023

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#### **Questioned Costs**

UR Medicine Home Care had \$445 of unallowable costs, however reported \$1,362,892 million of unused lost revenues on the Phase 4 HRSA report. Nicholas H. Noyes Memorial Hospital had \$104,368 of unallowable costs, however reported \$1,818,103 of unused lost revenues on the Phase 4 HRSA report. St. James Hospital had \$98,519 of unallowable costs, however reported lost revenue available to be used in the current reporting period was \$203,524. As there were sufficient lost revenues for each entity, there are no questioned costs associated with this finding.

#### **Recommendation**

We recommend (should there be future funding) management ensure that the organization-wide policy for tracking and reviewing COVID-19 expenditures is implemented more consistently across entities. This will help ensure completeness and accuracy of future federal report and/or HRSA Reporting portal submissions. Additionally, we recommend management communicate the errors noted in the submissions to HRSA and request advice for how to correct this error.

#### **Management's View and Corrective Action Plan**

Management's view and corrective action plan is included at the end of this report.

# University of Rochester and Related Entities

## Schedule of Findings and Questioned Costs

### Year Ended June 30, 2023

2023-002: (L) Reporting of Unreimbursed Expenses Attributable to Coronavirus and Lost Revenues within the Health Resources Services Administration (HRSA) Provider Relief Fund Portal  
 Program: COVID-19 - Provider Relief Fund and American Rescue Plan (ARP) Distribution  
 Assistance Listing Number: 93.498  
 Agency: Department of Health and Human Services (HHS)  
 Award Year: 1/1/2023-3/31/2023  
 Award Number: Not available

#### Criteria

Law (Pub. L. No. 116-136, 134 Stat. 563 and Pub. L. No. 116-139, 134 Stat. 622 and 623) notes that PRFs should be used to prevent, prepare for, and respond to coronavirus, domestically or internationally, for necessary expenses to reimburse, through grants or other mechanisms, eligible health care providers for health care related expenses or lost revenues that are attributable to coronavirus. Additionally, these funds may not be used to reimburse expenses or losses that have been reimbursed from other sources or that other sources are obligated to reimburse.

#### Condition

Through testing of Period 4 HRSA portal submissions, we identified the following:

##### St James Hospital:

- Personnel costs of \$466,729 were all reported in quarter 3 of 2021 on the Phase 4 HRSA report. These costs related to incentive pay and were expensed from July 2021 through June 2022, and should have been allocated between Q3 2021 – Q2 2022 instead of all in Q3 2021. Costs were determined to be allowable, reporting error only. The reporting for the quarters noted below were over/under stated by the following amounts due to this:

	Quarter 3 (July - September 2021)	Quarter 4 (October - December 2021)	Quarter 1 (January - March 2022)	Quarter 2 (April-June 2022)	Total
Over (Under) stated	\$376,523	\$(184,184)	\$(108,609)	\$(83,730)	\$0

- Lost revenue calculation inaccurately overstated actual 2021 revenues as management did not include actual revenue net of bad debt expense in the quarterly totals for calendar year 2021. However, the Phase 4 HRSA report included no eligible lost revenue for 2021, and using the corrected amount of revenue net of bad debt expense does not change this conclusion. The report was corrected to properly state actual 2021 revenue.

##### Memorial Hospital of William F and Gertrude F Jones Inc.:

- Supply costs related to COVID-19 tests were reported on an equal allocation across quarters verses in actual amounts across quarters on the Phase 4 HRSA report. These costs were aggregated in total and then reported per each quarter based on an equal allocation, and should have been reported per each quarter based on the actual expenditure amount incurred in the respective quarter. Costs were determined to be allowable, reporting error only. The reporting for the quarters noted below were over/under stated by the following amounts due to this:

	Quarter 3 (July - September 2021)	Quarter 4 (October - December 2021)	Quarter 1 (January - March 2022)	Quarter 2 (April- June 2022)	Quarter 3 (July - September 2022)	Quarter 4 (October- December 2022)	Total
Over (Under) stated	\$83,130	\$850	\$21,930	\$(105,910)	\$29,227	\$(29,227)	\$0

# University of Rochester and Related Entities

## Schedule of Findings and Questioned Costs

### Year Ended June 30, 2023

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#### **Cause**

The causes of the issues noted above were due to a lack of consistency in tracking and reviewing COVID-19 expenditures for inclusion in the Period 4 reporting across the organization.

#### **Effect**

University of Rochester and Related Entities' Period 4 HRSA Reporting Portal submissions inaccurately captured total "Personnel" and "Fringe Benefits" for PRF expenses, and inaccurately captured total revenues which are utilized to report lost revenues for the period.

#### **Questioned Costs**

None noted.

#### **Recommendation**

We recommend (should there be future funding) management ensure that the organization-wide policy for reviewing HRSA Reporting portal submissions is implemented more consistently across entities. This will help ensure completeness and accuracy of future federal report and/or HRSA Reporting portal submissions. Additionally, we recommend management communicate the errors noted in the submissions to HRSA and request advice for how to correct this error.

#### **Management's View and Corrective Action Plan**

Management's view and corrective action plan is included at the end of this report.

**University of Rochester and Related Entities**  
**Summary Schedule of Prior Audit Findings**  
**Year Ended June 30, 2023**

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**Section III – Federal Award Findings and Questioned Costs**

No findings noted in the prior year which required follow up in the current year.

## **Part IV – Management’s Views and Corrective Action Plan**



## CONTROLLER'S OFFICE

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### **Management's Views and Corrective Action Plan**

**Finding 2023-001:** (A) (B) Unallowed COVID-19 expenditures reported within the Health Resources Services Administration (HRSA) Provider Relief Fund Portal

**Program:** COVID-19 - Provider Relief Fund (PRF) and American Rescue Plan (ARP) Distribution

**Assistance Listing Number:** 93.498

**Agency:** Department of Health and Human Services (HHS)

**Award Year:** 1/1/2020-6/30/2023

**Award Number:** Not available

### **Management's Response to Finding:**

Management acknowledges that certain COVID-19 expenditures were overstated in the Period 4 Reporting period HRSA portal submissions by the University of Rochester and Related Entities ("the University").

### **Management's Corrective Action Plan:**

As provided in HRSA's FAQs regarding Auditing and Reporting Requirements for Provider Relief Fund Payments, a provider is allowed to replace its unallowable expenses with its unreimbursed lost revenues in the reporting period in question if a provider is not required to report in subsequent reporting periods.

None of the related entities with findings have future required HRSA portal submission. Both UR Medicine Home Care and Nicholas H. Noyes Memorial Hospital had unreimbursed lost revenue that exceeded the identified unallowable expenses in Reporting Period 4. In accordance with HRSA's guidance, UR Medicine Home Care and Nicholas H. Noyes Memorial Hospital will replace the unallowable expenses with unreimbursed lost revenue.

St. James Hospital did not report enough unreimbursed lost revenue to replace the unallowable expenses. However, St. James Hospital has identified additional allowable expenses and a miscalculated lost revenue amount for Reporting Period 4 that would exceed the identified unallowable expenses. Further, enterprise-wide, the University had unreimbursed lost revenue that far exceeded the identified unallowable expenses. As the University is unable to amend Reporting Period 4 for St. James Hospital, the University will document the additional allowable expenses and miscalculated lost revenue amount in case of future inquiries.

The URM Office of the Chief Financial Officer, in support with the Office of University Audit, the Controller's Office, and the University of Rochester Medical Center (URMC) Office of Integrity and Compliance, distributed enterprise-wide guidelines in FY23 to assist each entity with respect to allowable COVID-19 expenditures to help ensure reporting was complete and accurate. The University also conducted enterprise-wide reviews of the HRSA Reporting portal submissions of all University affiliates prior to submission to the HRSA. The University will continue to conduct enhanced reviews with respect to its future required portal submissions.

## CONTROLLER'S OFFICE

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**Finding 2023-002:** (L) Reporting of Unreimbursed Expenses Attributable to Coronavirus and Lost Revenues within the Health Resources Services Administration (HRSA) Provider Relief Fund Portal  
**Program:** COVID-19 - Provider Relief Fund (PRF) and American Rescue Plan (ARP) Distribution  
**Assistance Listing Number:** 93.498  
**Agency:** Department of Health and Human Services (HHS)  
**Award Year:** 1/1/2023-3/31/2023  
**Award Number:** Not available

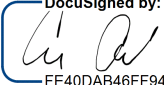
### Management's Response to Finding:

Management acknowledges the Period 4 HRSA Reporting portal submission errors noted. The personnel and supply costs identified at St. James Hospital and Memorial Hospital of William F and Gertrude F Jones Inc. were all allowable and reported in Period 4, but were over- or under-stated in a particular quarter. Management acknowledges that St. James Hospital understated its lost revenue in Reporting Period 4.

### Management's Corrective Action Plan:

The University is unable to amend the Reporting Period 4 submissions. HRSA has only provided guidance to providers with respect to how to account for unallowable expenses identified in prior reporting periods. The portal submission expense items identified were all allowable expenses, but under- or over- reported in a particular quarter of the Period 4 Reporting. The lost revenue calculation for St. James Hospital was an error in reporting. Since there is no ability to amend the Period 4 reporting for either of these entities, the University will ensure that it documents these corrections in case of future inquiries from the HRSA.

As noted above, the URMCO Office of the Chief Financial Officer, in support with the Office of University Audit, the Controller's Office, and the University of Rochester Medical Center (URMC) Office of Integrity and Compliance, conducted enterprise-wide reviews of the HRSA Reporting portal submissions of all University affiliates in FY23 prior to submission to the HRSA. The University will continue to conduct enhanced reviews with respect to its future required portal submissions.

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**Contact person:** Adam Anolik, URMCO Senior Vice President and CFO,  
[Adam\\_Anolik@URMC.Rochester.edu](mailto:Adam_Anolik@URMC.Rochester.edu)