

# University of Rochester and Related Entities

## Schedule of Findings and Questioned Costs

### Year Ended June 30, 2024

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

##### **Financial Statements**

Type of auditor’s report issued: Unmodified

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

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

Identification of major programs:

##### **Assistance Listing Number(s)**

##### **Name of Federal Program or Cluster**

93.493	Congressional Directives
Various	Research & Development Cluster
93.912	Rural Health Care Services Outreach Rural Health Network Development

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

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

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**Year Ended June 30, 2024**

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**Section II – Financial Statement Findings**

None noted in the current year.

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

None noted in the current year.

# University of Rochester and Related Entities

## Summary Schedule of Prior Audit Findings

### Year Ended June 30, 2024

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#### 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

#### 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, PwC performed allowability testing of the “Unreimbursed Expenses Attributable to Coronavirus” in accordance with the Department of Health and Human Services (HHS) terms and conditions. Certain COVID-19 expenditures were overstated (unallowable expenditure) in the Period 4 HRSA submissions, by quarter and in total for UR Medicine Home Care, Nicholas H. Noyes Memorial Hospital and St. James Hospital, and on a consolidated basis across the organization.

#### Status

With respect to the finding identified above, the University and Related Entities completed the corrective action noted in Management’s Corrective Action Plan for the single audit for the year ended June 30, 2023. As part of the Health Resources and Services Administration’s (HRSA) Provider Relief Audit Resolution process, the Division of Financial Integrity conducted an audit to resolve the findings identified in the Single Audit Report for the period July 1, 2022, to June 30, 2023, for the University of Rochester. As requested by HRSA, copies of Management’s Corrective Action Plan related to the findings were provided. A copy of the University’s updated policies and procedures pertaining to these findings was also provided to HRSA.

None of the entities with the above finding had future required HRSA portal submissions. 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 revised the unreimbursed lost revenue by the unallowable expenses. A file was provided to HRSA showing the revised calculations of lost revenue for UR Medicine Home Care and Nicholas H. Noyes Memorial Hospital. St. James Hospital did not report enough unreimbursed lost revenue to replace the unallowable expenses. A calculation was provided to HRSA of the adjusted lost revenue that reflected an overpayment of \$9,640 of Provider Relief Funds received by St. James Hospital. The hospital returned those funds via the HRSA Unused PRF Funds Portal on July 30, 2024.

# University of Rochester and Related Entities

## Summary Schedule of Prior Audit Findings

### Year Ended June 30, 2024

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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

#### Condition

The following were identified for the Period 4 HRSA portal submissions:

##### 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.
- Lost revenue calculation inaccurately overstated actual 2021 revenues as actual revenue net of bad debt expense was not included 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.

#### Status

With respect to the finding identified above, the University and Related Entities completed the corrective action noted in Management's Corrective Action Plan for the single audit for the year ended June 30, 2023. As part of the Health Resources and Services Administration's (HRSA) Provider Relief Audit Resolution process, the Division of Financial Integrity conducted an audit to resolve the findings identified in the Single Audit Report for the period July 1, 2022, to June 30, 2023, for the University of Rochester. As requested by HRSA, copies of Management's Corrective Action Plan related to the findings were provided. A copy of the University's updated policies and procedures pertaining to these findings was also provided to HRSA.

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. The lost revenue calculations were revised to correctly show the allowable expenses in the proper quarter. The revised calculations were provided to HRSA.

# **University of Rochester and Related Entities**

## **Summary Schedule of Prior Audit Findings**

### **Year Ended June 30, 2024**

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2023-001 (Finger Lakes Health): Student Financial Assistance Cluster – Significant Deficiency

Program: Student Financial Aid Cluster

Assistance Listing Number: Various

Agency: Department of Education

Award Year: 1/1/2023-12/31/2023

Award Number: Not available

#### **Condition**

Finger Lakes Health is required to disburse Pell and Direct Loan funds to student accounts no earlier than 10 days before the start of the semester. For three students selected for compliance testing, funds were disbursed greater than 10 days before the start of the semester. Finger Lakes Health relied on a third-party student account servicer for administration of student financial aid, and did not have sufficient oversight controls in place to ensure that funds were not disbursed to students earlier than 10 days prior to the start of the semester.

#### **Status**

With respect to the finding identified above, Finger Lakes Health completed the corrective action noted in Management's Corrective Action Plan for the single audit for the year ended December 31, 2023. Finger Lakes Health has terminated the contract with the third-party student account servicer on January 1, 2025 and in-house personnel have been trained to manage financial aid for students. Monthly meetings have continued to occur with the finance department, bursar, and financial aid department. Additional meetings have also taken place prior to the termination of the contract with the third-party servicer in order to review student disbursement information to ensure timeliness. Lastly, the policy for distribution of funds has been updated within the student handbook to state that funds will be disbursed on or after the first day of class, in order to ensure that timing of disbursements is within regulations.