

**UNIVERSITY OF CALIFORNIA, IRVINE  
ADMINISTRATIVE AND BUSINESS SERVICES  
INTERNAL AUDIT SERVICES**

**UCI MEDICAL CENTER  
NURSE REGISTRIES  
Report No. 2012-206**

**April 24, 2012**

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April 24, 2012

**EILEEN POLITO  
DIRECTOR OF TRANSPLANT SERVICES  
KIDNEY ACQUISITION**

**RE: Nurse Registries Audit  
Report No. 2012-206**

Internal Audit Services has completed the review of Nurse Registries and the final report is attached.

We extend our gratitude and appreciation to all personnel with whom we had contact while conducting our review. If you have any questions or require additional assistance, please do not hesitate to contact me.



Bent Nielsen  
Director  
UC Irvine Internal Audit Services

Attachment

**C: Audit Committee**

Terry Belmont, Chief Executive Officer, UC Irvine Medical Center  
Donna Cochran, MSO, Division of Nephrology and Rheumatology DOM  
Denise Healey, Chief Administrative Officer, DOM  
Alice Issai, Chief Operating Officer, UC Irvine Medical Center  
Fred Lauzier, Senior Director, Ancillary services, Administration  
Mike Schneider, Interim Director of Imaging, Radiology Diagnostic  
Dennis Wright, Assistant Director of Nursing, SPPO

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**I. MANAGEMENT SUMMARY**

In accordance with the fiscal year 2011-12 audit plan, Internal Audit Services (IAS) reviewed nurse registry operations and related activities within the University of California, Irvine (UCI) Medical Center (Medical Center) and School of Medicine (SOM). Based on the audit work performed, certain internal controls could be strengthened to ensure compliance with University policies and procedures and/or best business practices. Specifically, we noted the following:

- **Competency and Licensing Requirements for Supplemental Agency Nursing Staff** – Processes to ensure that licensing, certification and other important documentation for registry personnel are complete, up-to-date and on file at the Staffing and Patient Placement Office (SPPO) and the registry agencies need improvement. The details related to this issue are provided in Observation 1;
- **Approval of Time Reported by Supplemental Agency Nursing Staff** – Approval processes for time worked, as reported by registry and travel nurses could be improved. Audit observations disclosed that incorrect work time is sometimes approved and approvals for time worked is not always documented. The details related to this issue are provided in Observation 2;
- **Supplemental Agency Nursing Staff Security Badges** – Processes ensuring accountability over transferable hospital security badges used by registry personnel need improvement. A verification of SPPO assigned security badges revealed several lost badges and other security concerns. The details related to this issue are provided in Observation 3;
- **Division of Nephrology, Dialysis Contract and Payment Structure** - The terms and conditions of the contract between the Medical Center Dialysis facility and Professional Reliable Nurses Inc. (PRN) is not in agreement with the actual operating practices and payment structure in the chronic outpatient facility and the hospital acute services provided by PRN. The details related to this issue are provided in Observation 4.
- **Medical Screening and Documentation Requirements for Radiology Supplemental Agency Staff** - Processes to ensure that medical screening and other important documentation for registry personnel are complete, up-to-date and on file at the department and the registry agency need improvement. The details related to this issue are provided in Observation 5.

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**II. BACKGROUND**

Registry and travel nurses are acquired through a written contract agreement between the Medical Center and the staffing agency. Contracted agencies agree to provide nurses and other supplemental personnel for clinical patient care in predetermined areas of the Medical Center and SOM. For the most recently completed fiscal year (FY 2010-11), the Medical Center and SOM paid approximately \$10.8 million to registry and travel nurse vendors. This represented a decrease of 25 percent from FY 2009-10 expenditures of \$14.5 million. For the current fiscal year (FY 2011-12), expenditures for nurses and other supplemental personnel is approximately \$4.9 million.

At UCI, the ongoing trend is a reduction in the use of supplemental agency nurses. The Medical Center is increasingly turning to in-house nurse float-pools to better manage costs associated with supplemental nursing services.

SPPO is responsible for coordinating supplemental agency nursing and other staff in the Medical Center and SOM. SPPO is managed by an Assistant Director of Nursing (ADON) and supported by 12 FTEs. In addition to SPPO, there are a small number of Medical Center and SOM departments that procure supplemental agency nursing and other staff on their own. IAS included two of these departments (Dialysis and Radiology) in this review.

**III. SCOPE AND OBJECTIVES**

The scope of the review focused on supplemental agency registry and travel nurse services managed/coordinated by SPPO and other departments procuring their own services.

The specific objectives of our review were as follows:

1. Verify that executable contracts are established and blanket purchase orders are not exceeded for nurse registry services procured by the Medical Center;
2. Determine whether an adequate separation of duties exists among the authorization, ordering, vendor charge validation/vendor invoice payment approval, and general ledger reconciliation of nurse registry services;
3. Verify that vendor-billed registry services were actually received; verify that hours claimed as worked including overtime and labor rates charged for registry services are in agreement with approved employee timesheets and contractual agreements;

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4. Verify that all charges on vendor invoices are validated against approved timesheets, sign-in logs, contractual agreements and other relevant source documents; verify that extensions, and totals on vendor invoices are all reviewed for accuracy;
5. Verify that required nurse registry licensure and competencies are in place, and are periodically confirmed by the Medical Center;
6. Verify that the monitoring and control of hospital security badges for registry nurses and other authorized personnel is adequately performed by the SPPO and others; verify that unreturned badges are deactivated in a timely manner.

**IV. CONCLUSION**

In general, internal controls and processes reviewed appear to be functioning as intended. However, business risks and controls concerns were identified in competency and licensing requirements for agency nursing staff, approval processes for time worked, security badges, and non-SPPO contract requirements.

Observation details were discussed with management, who formulated action plans to address the issues. These details are presented below.

**V. OBSERVATIONS AND MANAGEMENT ACTION PLANS**

**1. Competency/Licensing Requirements for Agency Nursing Staff**

**Background**

It is important for SPPO to ensure the clinical competency of supplemental agency nursing staff (SANS), and registry nurses working at the Medical Center/SOM. Copies of some of the documentation supporting the competency and eligibility of the registry nurses are on file at SPPO; other supporting documentation is retained by the agencies. Each agency provides SANS forms (i.e., profile sheets that list SANS documentation that is retained at the agency) to SPPO. To ensure the clinical competency and eligibility of registry nurses, SPPO must diligently monitor and periodically update/confirm the SANS documentation retained at both SPPO and the agencies.

**Observation**

Control measures that ensure copies of licenses, certifications and other critical documentation for registry nurses are complete, current and on file in SPPO and

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at the agencies need improvement. For a sample of eight registry employees, seven Registered Nurses (RN) and one Certified Nurse Assistant (CNA), a detailed review of the SANS forms that are retained in SPPO was performed. In addition, for a sample of ten registry employees, nine RN's and one CNA, a review of SPPO personnel files containing licenses, certifications, and other critical documentation was performed. The two reviews disclosed the following concerns:

1. Documentation for registry employees, as summarized on the SANS forms, is not always complete and/or updated in a timely manner. Control measures could be strengthened to ensure that information in the SANS forms is verified/updated in a timely manner through vendor site visits or other means, in accordance with Medical Center policy and the registry contract;
2. Control measures pertaining to the verification/update of actual SANS forms and other documentation on file in SPPO could also be strengthened. The SANS form for one sampled registry RN, and a copy of her photo ID, were not located in her SPPO personnel file. Subsequent to the review, SPPO obtained a SANS form and photo ID from the registry RN's agency, and included it with her other personnel documentation.

**Management Action Plan**

To ensure that established control measures are operating as intended the following procedures have been reinforced with the SPPO staff and registry personnel:

1. The SPPO administrative assistant (AA) IIs have been instructed not to allow registry personnel to work unless they have a current SANS form in their SPPO registry file;
2. Registry agencies have been notified to fax a current SANS form for each registry booking;
3. All current/active registry files were reviewed for completeness. Incomplete registry files were pulled and agencies were notified to provide a complete SANS form and/or other missing required information to SPPO. Registry personnel with incomplete files will not be allowed to work until the required, missing information has been provided by the agency.
4. A lead AA II was established and assigned the following on going responsibilities:

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- Review all registry files and notify registry agencies of missing required registry file information. Any inactive registry files will be pulled and archived;
- Submit all registry personnel files to the ADON for approval and application of a yellow dot/sticker to each approved registry personnel file. Only complete, approved registry files will be maintained in the permanent registry file drawer. The lead AA II will hold on to all incomplete registry files and not enter them into the permanent registry file drawer until all required documentation has been received and the ADON has reviewed/approved the documentation;
- Annually in November, the lead AA II will review and archive files of registry personnel who have not worked at the Medical Center in the past 90 days. These files will be considered inactive.

**2. Approval of Time Reported by Supplemental Agency Nursing Staff**

**Background**

It is important for SPPO to ensure that time recorded as worked by supplemental agency nurses and other agency employees is proper and accurate. Time reported as worked by registry and travel nurses must be documented on manual and electronic timesheets, respectively, and approved by the supervising clinical manager and/or by SPPO. Approved timesheets are provided to the agencies by SPPO, and the hours reported on the timesheets are subsequently billed to the Medical Center by the agencies.

**Observation**

Approval processes for time recorded as worked by registry and travel nurses could be improved. Audit observations disclosed that incorrectly reported work time is sometimes approved, and approvals for time worked, including overtime in one instance, are not always documented.

1. One sampled manual timesheet was completed by a registry nurse in August 2011. The nurse had claimed a total of 7½ hours worked on her daytime shift. However, on her timesheet, the nurse had recorded 0700 as her starting time, and 1430 as her ending time, with ½ hour reported for an unpaid lunch break. The correct number of hours worked by the registry nurse was 7 hours, not 7½. Nevertheless, the nurse's timesheet was approved, and the Medical Center was charged (and paid) 7½ hours for the nurse's shift.

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2. Two sampled electronic timecards were completed by travel nurses in October 2011. A review of each timecard revealed that the clinical manager's approval of the timecard was not documented in the electronic time reporting system. Discussions with the SPPO ADON disclosed that this situation may occur because the manager failed to approve the timecard, or the manager's documented approval is inadvertently overwritten in the electronic time reporting system when the nurse records her/his time in the following work week.

**Management Action Plan**

The manual time sheet review process has been revised. Before faxing a time sheet to the registry agency, SPPO has assigned an AA II to review and reconcile the time sheet clock in/out times and total hours reported for registry personnel. The AA II will initial the total hours worked column as proof of the reconciliation process. Incorrect time sheets will be sent to the ADON for corrective action. Also, preliminary discussions have been held with the time keeping system vendor (API) and the Medical Center Finance Administration regarding registry use of the API system and the feasibility of adding registry agency personnel to the API system to electronically track and report hours worked.

The API time keeping system is set up for a bi-weekly approval process. Travelers are paid on a weekly basis and as a result, their time is approved weekly and the prior approval is overwritten during the process. The contract with the traveler agencies will be revisited and/or revised to add the following:

- API travel RNs and other specialty time cards will be reviewed, approved, authorized for invoicing, and sent electronically to each agency every two weeks. In addition, agencies who pay their travelers weekly will be advised to use the traveler supplied time card print out to verify hours worked, but, that only the Manager approved time card, generated and sent every two weeks, can be used for invoicing purposes. Estimated completion date is November 2012.

**3. Supplemental Agency Nursing Staff Hospital Security Badges**

**Background**

Supplemental agency nurses and other agency personnel working at the Medical Center/SOM must be granted access to patients. However, because they are contract employees with temporary work assignments, they are issued transferable, "bearer" badges by SPPO which only provide access rights to pre-designated hospital areas. It is important for SPPO to carefully control and monitor these transferable badges because, should the badges become lost or



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stolen, they could potentially be used by unauthorized individuals to gain access to sensitive areas of the Medical Center/SOM.

**Observation**

Control measures that ensure accountability over transferable hospital security badges used by registry personnel need to be improved. A verification of SPPO-assigned, transferable security badges revealed several missing badges and other security concerns. A verification of the security badges and a reconciliation of the badges to a master badge inventory list disclosed the following:

1. Five transferable security badges could not be located and had not been signed out to supplemental agency personnel. When the ADON was notified of the discrepancy, he contacted the Medical Center Hospital Security to have these badges deactivated;
2. Occasionally, transferable security badges may be issued by SPPO without any supporting documentation in the sign-out log as to whom the badges were issued. During the verification, one security badge could not be located and was not signed out. Subsequently, SPPO staff members were able to determine that the badge was in use;
3. Supplemental agency personnel may not always sign the transferable badge sign-out log when they pick up/drop off their badge at the beginning/end of their shift. During the verification, one licensed badge and three unlicensed badges appeared to have been picked up from SPPO by a registry employee who failed to sign the log confirming that he/she had received his/her badge;
4. At the time of the verification, two “inactive” badges (i.e., licensed and unlicensed transferable badges that are held in reserve by SPPO, and are not for daily use) were being used as “active badges” (i.e., transferable badges that are used on a daily basis). These inactive badges may have become intermixed with the active badges, in part, because they are stored in a box with other inactive badges in the SPPO front desk area where active badges are issued.

**Management Action Plan**

There are 20 licensed badges and 20 unlicensed badges in current circulation. In addition, there are 30 licensed and 30 unlicensed badges that are not in circulation but are available for use on an as needed basis. An inventory of the temporary badges was performed and all temporary badges have been accounted for. A reconciliation of the badges will be performed on a quarterly basis to ensure

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accountability. A new SPPO protocol has been established for temporary access badges.

**4. Division of Nephrology Dialysis Contract and Payment Structure**

**Background**

The Department of Medicine, Division of Nephrology provides chronic outpatient and acute inpatient dialysis services at the Medical Center. These services are provided on a contracted basis through PRN. The contracted dialysis services are administered by the Division of Nephrology management and not through SPPO.

**Observation**

The agreement between the Dialysis Center and PRN is a standard contract for contracting with nurse registry agencies and provides specific details, requirements and operating practices. However, actual operating practices of the dialysis services provided by PRN are not in agreement with the terms and conditions outlined in the contract. The following discrepancies were noted:

1. Under Section 4 for the chronic outpatient services, Invoicing and Fees, the contract terms state that a flat rate will be charged for 12 hour shifts and 10 hour shifts will also be paid at the 12 hour shift hourly rate. However, the chronic outpatient 12 hour shifts are paid and invoiced based on 8 hour days. RN's and Certified Hemodialysis Technicians (Techs) are paid at regular rates (straight time) for 8 hours worked, an overtime rate is paid for hours worked over 8 and before 12 and a double overtime rate is paid for hours worked over 12 hours in a day. Since the pay structure is not in agreement with the payment terms of the contract, payment for the outpatient services is more than the contracted rate;
2. The PRN contract does not define the terms of the fee payment structure for the acute dialysis services provided by PRN which is different from the chronic outpatient fee payment structure. The acute PRN staff is invoiced based on a per case/treatment basis and not by the hour. The payment structure increases as the number of treatments are performed during their shift.

**Management Action Plan Dialysis**

Both of these issues have been brought to the attention of the nursing agency, PRN by the Dialysis Center Management Services Officer (MSO). The MSO is working with PRN management and the Medical Center Purchasing department to revise the agreement to specifically define the terms, conditions, and fee payment structure

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to be in alignment with the chronic outpatient and acute services provided by PRN. Estimated completion date is June 2012.

**5. Medical Screening and Documentation Requirements for Radiology Traveling Staff**

**Background**

The Department of Radiology Sciences has secured the services of supplemental agency licensed radiological staff (travelers) as temporary personnel on an as needed basis through AMN Health Care, Inc. (AMN). These services were set up through a purchase order agreement and are in accordance with the terms and conditions of the AMN agency contract in effect from October 2010 through September 2013.

**Observation**

IAS reviewed a sample of five AMN registry staff to ensure that copies of licenses and certifications were current and on file and that documentation is in compliance with Medical Center policy for SANS.

The licenses and certifications reviewed were current and copies were maintained on file in the department. However, the documentation provided by AMN for registry employees was not complete and the information was not updated in a timely manner in accordance with Medical Center policy, purchase order, and the agency contract. Control measures should be strengthened to ensure that information stated in the contract is verified and updated in a timely manner for all registry personnel.

**Management Action Plan Radiology**

Radiology management will create a spreadsheet that will be used to track and monitor all registry employees to ensure they have completed their medical screening requirements, and that their license(s) and credentials are current and in compliance with policy. Estimated completion date is July 2012.