



Council Auditor's Office

**Follow-up Report on
Fire and Rescue Department – Ambulance Billing and Inventory Audit
Report #751A**

Released on: February 8, 2018

OFFICE OF THE COUNCIL AUDITOR
Suite 200, St. James Building



February 8, 2018

Report #751A

Honorable Members of the City Council
City of Jacksonville

The purpose of this report is to document our follow-up review of past report #751, Fire and Rescue Department – Ambulance Billing and Inventory Audit, to determine whether corrective action has been taken in response to our findings and recommendations. We are providing this special written report in accordance with Ordinance Code Section 102.102. This report does not represent an audit or attestation conducted pursuant to Government Auditing Standards.

We sent follow-up letters to the Jacksonville Fire and Rescue Department (JFRD) and the City’s Accounting Division on March 24, 2017 inquiring as to the status of the original audit report recommendations. We reviewed the recommendations from our audit report, the auditees’ responses to the recommendations, and the auditees’ responses to our follow-up letter. We then performed limited testing to verify that our recommendations have been implemented as stated in the auditee’s responses. The following is a brief summary of the results of our follow-up inquiry and testing with responses from Kurtis Wilson, Director/Fire Chief, to the outstanding items, which was received on February 6, 2018.

Based on the responses received and our follow-up testing of a judgmentally selected sample, it appears that the responsible parties complied with our audit recommendations with the following exceptions outlined below. Here is a table detailing the original number of issues noted and how many have been resolved as of this follow-up.

Types of Issues	Original Number of Issues	Issues Cleared	Remaining Issues
Internal Control Weaknesses	7	5	2
Findings	7	5	2
Opportunities for Improvement	2	1	1
Total	16	11	5

Opportunity for Improvement 1-1 *Billing Dates*

Opportunity for Improvement 1-1 found that, for a small percentage of invoices tested, there was a wide range of days between the date of an ambulance transport (incident date) and the date the invoice was created for that transport (charge date). We recommended that JFRD perform a daily

review of ambulance transport reports that have been in the system for more than 24 hours and not closed. JFRD responded stating that the Billing Manager monitors outstanding Accounts Receivable (AR) and that the Quality Improvement Officer (QIO) sends out a master list of outstanding reports to the Field Chiefs on a weekly basis for them to be closed. We found this approach to be reasonable.

We also recommended that JFRD request a monthly report from the billing company showing charge and incident dates to identify any potential issues. However, we found no evidence that this was occurring.

JFRD Response to the Follow-Up of Opportunity for Improvement 1-1

Agree Disagree Partially Agree

The JFRD agrees with the follow-up recommendation to clearly identify the number of days between the incident date and charge date. Although a report of the "raw data" is already available to review any potential issues, it does not clearly calculate the number of days between incident and billing dates. The JFRD will work with the billing company to add a field to calculate the number of days from date of service to date billed. The number of days between incident and billing are reviewed for issues monthly as indicated in SOP EMS-004.

Internal Control Weakness 2-4 *Policies and Procedures*

Internal Control Weakness 2-4 found that JFRD does not have written policies and procedures for their inventory functions at their Logistical Support Facility (LSF) or their Tactical Support Facility (TSF). We recommended that JFRD create these procedures for all functions at the facilities. During follow-up testing, we found that LSF had written procedures, but there was no evidence that any applicable personnel had read them. We also discovered that TSF did not have any written procedures.

JFRD Response to the Follow-Up of Internal Control Weakness 2-4

Agree Disagree Partially Agree

The LSF facility as indicated in the follow-up review does have written procedures regarding inventory tracking and all personnel have reviewed those procedures. The TSF facility is in the process of writing procedures and all LSF/TSF personnel have been provided the inventory system user guide for reference. To document delivery of the procedures, the Managers will obtain written confirmation from each assigned employee acknowledging they received and reviewed the procedures.

Internal Control Weakness 2-5 *Badge Access*

Internal Control Weakness 2-5 found that badge access to the LSF inventory location wasn't always terminated for employees that no longer worked there. We recommended that badge access be removed immediately for any employee who leaves the LSF to which JFRD agreed. We also recommended a periodic review of badge access rights to ensure that access rights are applicable to

current positions. However, during our testing, we found that 5 out of 25 (20%) people with access to the LSF inventory appear to have improper access.

JFRD Response to the Follow-Up of Internal Control Weakness 2-5

Agree Disagree Partially Agree

Since the audit follow-up review, the LSF facility has relocated away from the basement of 515 Julia Street to a combined TSF/LSF facility on Ellis Road. Following this move, the LSF is in an enclosed area at Ellis Road and is secured by lock and key doors. The LSF Manager is responsible for documenting and issuing keys to this area of the facility and currently only four members of the Department have access to this part of the facility.

Findings 2-2 and 2-3 *LSF and TSF Inventory Counts*

During our original audit, we found discrepancies between a sample of items listed as on hand in the LSF system and TSF database and the quantity of items actually on the shelves. We recommended that JFRD conduct routine and surprise inventory counts. However, we discovered that the managers of the TSF and LSF had only been in those positions for a short time and both stated that there had never been a surprise count since they had been in their positions. Also, the manager at LSF had only conducted one and TSF had conducted no routine counts. This item will be followed up on in the future.

JFRD Response to the Follow-Up of Findings 2-2 and 2-3

Agree Disagree Partially Agree

All annual on-hand physical inventories have been completed at fiscal year-end and sent to GAD for both LSF and TSF either by the current or previous Managers of those areas. The procedures for interim or surprise inventory counts have been developed by the LSF/TSF Managers and the interim counts of inventory will be conducted at least twice a year with results of the inventory counts reviewed and documented. All adjustments of the inventory will continue to be routed to the Division Chief of Rescue for follow-up and review prior to any adjusting entries in the inventory system.

We would like to thank the Fire and Rescue Department and the Accounting Division for their cooperation in conducting this follow-up review.

Sincerely,

Kyle S. Billy

Kyle S. Billy, CPA
Council Auditor