



Columbus Consolidated Government

Georgia's First Consolidated Government

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FIRE/EMS SUPPLEMENTAL INTERNAL AUDIT

July 25, 2023

This supplemental departmental audit was authorized by the City Council on August 9, 2022. The audit began in February of 2023, with the audit completed by Internal Auditor Donna McGinnis.

AUDIT SCOPE & FOCUS

The audit focused on the underlying sources of budget overruns in the most recently completed FY22, as well as the operational performance of Columbus Fire/EMS for the same FY22 reporting period. With collaboration from Columbus Fire/EMS, and our EMS Billing Team within the Finance-Revenue Division, we've been able to identify Current Annual Unit Cost as well as a Current 6 EMS Unit/Internal Billing model Profit/Loss Performance for the completed FY22 period. We additionally looked at other operational scenarios that might have played out such as Columbus Fire/EMS running 9 or 12 EMS units if private companies minimize their service commitment to Columbus. We also considered the likely performance in scenarios in which Columbus Fire/EMS is running 6,9 or 12 ambulances, and working with an external billing provider, with monitoring by representatives of both Fire/EMS and the Finance-Revenue Division.

The audit scope allowed an opportunity to visit EMS Billing, and to better understand the services that they are providing, along with the challenges that they encounter.

AUDIT PROCESS

Initially, Advantage Operational Budget reporting was reviewed for FY20, FY21 and FY22 for each Fire/EMS Division. It was noted that budget overruns were significantly larger in FY22. It was identified that there was a significant increase in costs for Other Leave-Sworn Benefits (and its' related Overtime), Auto Parts & Supplies as well as Motor Fuel. This observation then led to additional field work in Finance, with the Payroll Team, and field work with the Resource Management Team within the administration of Columbus Fire/EMS.

Once the budget overruns were reviewed, the audit fieldwork activities went over to the Finance-Revenue Division where the auditor had an opportunity to observe the billing of EMS activity, which included medical coding, quality control activities that ensure accuracy, the filing and billing of claims as well as collection of ambulatory monies owed.

FIELDWORK ACTIVITIES

In a review of budgetary performance in the Other Leave Sworn account, the auditor worked with the Finance-Payroll Team, as they are the only employees posting activity in this account, which is not budgeted at the departmental level. The Payroll Team was able to provide custom reporting from Advantage that identified by division the types of sworn leave that they had posted to the account for FY22. This information was then further reviewed in the Fire/EMS Payroll processing area to confirm and concur transactions against departmental records.

In the review of budgetary performance in Auto Parts & Supplies, and Motor Fuel, the auditor worked with the Fire/EMS Resource Management Team. Vehicle maintenance records for the aging fleet were reviewed, as well as fuel purchase records for diesel and gasoline.

In reviewing EMS Billing & Operations, the auditor observed the EMS billing process with two of our collections technicians, and also had an opportunity to review the underlying Prehospital Care Reports.

AUDIT FINDINGS

In a review of FY22 budgetary performance, it was found that there were underlying contributing factors that are less likely to be problematic going forward, The Other Leave Sworn account contained Vacation Leave, Sick Leave, Perk Leave and Military Leave, and in FY22, incurred \$417,127 more costs than in FY21. When these costs are incurred, they are also reflected in the Overtime account which is budgeted by the department. When firefighters are out on leave, they cause overtime elsewhere in the Fire/EMS Team as each engine dispatched to a fire carries 4 firefighters: a driver/operator, an officer, and 2 firefighters. This 4-person model has been the standard under the current Fire Administration and has been found to minimize workplace injuries and fatalities for firefighters. When identifying the underlying source of the exceptional leave in FY22, it was discovered that an unanticipated number of Fire/EMS Sworn employees had retired in FY22, and preceding their retirement dates, had used accumulated leave balances. This phenomenon is not expected to repeat itself in the next several years at this level.

When reviewing budgetary performance In Auto Parts & Supplies, increased costs of an additional \$108,592 were attributed to increased reliance on maintenance outside of Public Works-Fleet Maintenance. Fleet Maintenance no longer had uniquely certified technicians on their team, and as a result, it had been necessary to repair vehicles locally at SONS, or out of town in Atlanta, Birmingham or elsewhere, at significantly higher costs. In recent months, Fire/EMS has taken delivery of several new vehicles. As the fleet transitions to a less aged fleet, it's anticipated that there will be lower repair costs. Currently, 48% of the fleet qualifies for replacement or needs immediate consideration. This area will likely continue to have budget challenges associated with the aged fleet. For recently purchased vehicles, we now have the benefit of warranty protection for these vehicles. Fire/EMS has entered into an agreement with the warranty company that has resulted in the warranty provider placing a well-certified & credentialed technician within Public Works-Fleet Maintenance, providing necessary service & support.

When reviewing budgetary performance in Motor Fuel, the increased costs of \$125,567 over FY21 were largely attributed to inflationary pressures on the cost of fuel, with fuel costs increasing 82 percent over the last 3 years. One strategy has already been implemented to contain future costs-newly purchased ambulances have been converted from diesel to gasoline, resulting in savings.

In a review of EMS Operations, the auditor spent several hours over recent weeks observing collection technicians, as they coded incoming bills, filed reviewed claims with Medicare, Medicaid, and other 3rd party insurance providers, and pursued the collection of ambulatory monies owed. It was discovered that they are facing an increased volume of bills, with inadequate staffing, in an environment in which they are also responsible for landfill billing, lien processing and the processing of other CCG receivables. Back in FY22, the medical billing software used by our team had been compromised which resulted in system users nationwide being offline for a month. This situation led to a backlog of billing that the team is currently working on-they are making great strides against the backlog and are likely to be caught up in 6 months or less. Collections in medical billing are often correlated with the timeliness of billing, so it's important to see the reduction of the backlog.

Employee morale is also a challenge in the work area, as they are often attempting to bill for EMS services with documentation that occasionally is missing complete names, dates of birth, social security numbers, physical addresses, phone numbers or signed consents. In several cases, it was noted that local callers were wanting to use the EMS service as a cab service seeking to be dropped off at a local pharmacy or hospital, or elsewhere if they were low on cigarettes or alcohol. The Fire-EMS Department only transports to local hospital emergency rooms. Such "taxicab" EMS runs are not medically necessary, and arrive on the technician's desk as a write-off, regardless of the efforts to rectify the claim. There are also several identified "frequent callers" who are using the EMS service as supplemental income. These callers are insured by 3rd party providers who will pay the ambulance benefit directly to their insured rather than back to Fire/EMS. They may request service 2-3 times per month, pocketing the paid benefit. We are then left to bill the individual directly seeking to recover ambulatory monies owed. At that point, the "frequent caller" is no longer interested in remitting the funds to us. We are not currently staffed at a level that allows for an adequate collection of these funds. It is also noted that due to bad addresses, there's a large volume of returned mail to be researched during the collection effort.

RECOMMENDATIONS

- Recognize a budgetary line item in the Fire/EMS budget to specifically address the ongoing costs of outsourced labor contracts for repairs associated with aged fleet that cannot be adequately serviced and supported in Public Works-Fleet Maintenance.
- Add one additional FTE to the Collection Technicians team as they had previously been staffed at 4 in years past, when the billing volume was lower than it is today. Volume could additionally increase in the future with little notice if one of the private ambulance companies reduces their service commitment to Columbus. This FTE should be totally devoted to EMS, as the existing 3 technicians devote about 75% of their effort to EMS billing. This extra manpower will also allow for increased collection of ambulatory monies owed from our "frequent callers" who are abusing the 3rd party provider process.

- Additional training should be provided to the EMS teams, addressing the importance of submitting Prehospital Care Reports that meet the minimum standards in terms of complete name, date of birth, social security number, accurate address, and signature consent to care. By meeting minimum standards, we will reduce research time and improve the collection rate, minimizing write-offs. Even if using a private billing service, adherence to minimum billing standards is critical to best collection outcomes.
- CCG should consider contributing to the Medicare/Medicaid clearing house which would then provide an additional level of coverage for our submitted claims. Nearly 75% of all claims go through Medicare or Medicaid.
- If in the future, decisions lead to the use of a private billing service, it will still be necessary to maintain points of contact within CCG. It is recommended that both Finance-Revenue collections team and Fire/EMS participate as points of contact for any private service that we might engage. The private service will still need audit oversight to ensure compliance with the service agreement.
- As the community has begun perceiving the EMS service as a “taxicab” product, it is recommended that we adopt and enforce a fine or penalty for abuse of the 9-1-1 system and related EMS service. The EMS operational volume is significantly clogged with the abuse that is a write-off upon arrival. Such abuse prevents the EMS team from being available where truly needed. We have not enforced fines or penalties in the past, leading to abuse unaddressed.

AUDITEE RESPONSE

The Fire-EMS Department is committed to transparency in operations and upholding its fiduciary responsibility to be good stewards of taxpayer dollars. The auditor’s finding coincides with internally identified challenges associated with budgetary pressure on specific Fire-EMS budget lines. The Department’s capacity to control these measures is limited at best. The Fire-EMS Department will continue to strive to meet its community obligations with the resources provided.

| | Annual Unit Cost | 6 EMS Units/Internal Billing* | 9 EMS Units/Internal Billing | 12 EMS Units/Internal Billing | 6 EMS Units/External Billing** | 9 EMS Units/External Billing** | 12 EMS Units/External Billing** |
|---|------------------|-------------------------------|------------------------------|-------------------------------|--------------------------------|--------------------------------|---------------------------------|
| Revenue: | | | | | | | |
| EMS Billing | \$ 340,447.22 | \$ 2,042,683.31 | \$ 3,064,024.97 | \$ 4,085,366.62 | \$ 3,268,293.30 | \$ 4,902,499.94 | \$ 6,536,586.59 |
| Fee | \$ - | \$ - | \$ - | \$ - | \$ 261,463.46 | \$ 392,195.20 | \$ 522,926.93 |
| Net Revenue | \$ - | \$ 2,042,683.31 | \$ 3,064,024.97 | \$ 4,085,366.62 | \$ 3,006,829.83 | \$ 4,510,244.75 | \$ 6,013,659.66 |
| Expenses: | | | | | | | |
| Finance Expenses: | | | | | | | |
| Salaries and Wages (EMS Billing) | \$ 22,459.79 | \$ 134,758.74 | \$ 169,100.12 | \$ 203,441.50 | \$ 31,734.60 | \$ 31,734.60 | \$ 31,734.60 |
| Overtime | \$ 333.83 | \$ 2,000.00 | \$ 2,503.00 | \$ 3,011.00 | \$ 720.00 | \$ 720.00 | \$ 720.00 |
| Contractual Services | \$ 720.00 | \$ - | \$ 720.00 | \$ - | \$ - | \$ - | \$ - |
| Misc. Equipment Maintenance | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Software Licenses | \$ 7,201.00 | \$ 7,201.00 | \$ 7,201.00 | \$ 7,201.00 | \$ 7,201.00 | \$ 7,201.00 | \$ 7,201.00 |
| Equipment Rental/Leases | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Education/Training | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Cell Phone | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Postage | \$ 19,500.00 | \$ 19,500.00 | \$ 29,750.00 | \$ 58,500.00 | \$ - | \$ - | \$ - |
| Printing Services | \$ 720.00 | \$ 720.00 | \$ 1,080.00 | \$ 1,440.00 | \$ - | \$ - | \$ - |
| Copier Charges | \$ 5,850.00 | \$ 5,850.00 | \$ 8,775.00 | \$ 11,700.00 | \$ - | \$ - | \$ - |
| Travel, Schools & Conferences | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Membership, Dues & Fees | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Office Supplies | \$ 3,249.00 | \$ 3,249.00 | \$ 4,873.50 | \$ 9,747.00 | \$ - | \$ - | \$ - |
| Publications/Subscriptions | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Utilities | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Fire Department Expenses: | | | | | | | |
| Salaries/Wages/Benefits (Fire Department) | \$ 150,040.00 | \$ 2,700,720.00 | \$ 4,051,080.00 | \$ 5,401,440.00 | \$ 2,700,720.00 | \$ 4,051,080.00 | \$ 5,401,440.00 |
| Overtime | \$ 7,502.00 | \$ 135,036.00 | \$ 207,554.00 | \$ 270,072.00 | \$ 135,036.00 | \$ 202,554.00 | \$ 270,072.00 |
| EMS Supervisor (30% of Time) | \$ - | \$ - | \$ - | \$ - | \$ 28,000.00 | \$ 28,000.00 | \$ 28,000.00 |
| EMS Supervisor IT Equipment | \$ 2,400.00 | \$ 2,400.00 | \$ 2,400.00 | \$ 2,400.00 | \$ 3,500.00 | \$ 3,500.00 | \$ 3,500.00 |
| Contractual Services (Medical Direction) | \$ 7,268.00 | \$ 43,608.00 | \$ 65,412.00 | \$ 87,216.00 | \$ 2,400.00 | \$ 2,400.00 | \$ 2,400.00 |
| Annual Repair Cost | \$ - | \$ - | \$ - | \$ - | \$ 43,608.00 | \$ 65,412.00 | \$ 87,216.00 |
| Software Licenses | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Equipment Rental/Leases | \$ 12,550.00 | \$ 75,300.00 | \$ 112,950.00 | \$ 150,600.00 | \$ 75,300.00 | \$ 112,950.00 | \$ 150,600.00 |
| Education/Training | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Cell Phone | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Postage | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Printing Services | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Copier Charges | \$ 150.04 | \$ 2,700.72 | \$ 4,051.08 | \$ 5,401.44 | \$ 2,700.72 | \$ 4,051.08 | \$ 5,401.44 |
| Travel, Schools & Conferences | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Membership, Dues & Fees | \$ 1,400.00 | \$ 8,400.00 | \$ 12,600.00 | \$ 16,800.00 | \$ 8,400.00 | \$ 12,600.00 | \$ 16,800.00 |
| Office Supplies | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Publications/Subscriptions | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Fuel Cost | \$ 8,247.00 | \$ 49,482.00 | \$ 74,223.00 | \$ 98,964.00 | \$ 49,482.00 | \$ 74,223.00 | \$ 98,964.00 |
| Pharmacy/Medical Supplies | \$ 13,050.00 | \$ 78,300.00 | \$ 117,450.00 | \$ 156,600.00 | \$ 78,300.00 | \$ 117,450.00 | \$ 156,600.00 |
| Annual Replacement Vehicle Cost | \$ 350,000.00 | \$ 350,000.00 | \$ 525,000.00 | \$ 700,000.00 | \$ 350,000.00 | \$ 525,000.00 | \$ 700,000.00 |
| Expenses Total | \$ 612,640.16 | \$ 3,619,945.46 | \$ 5,391,222.70 | \$ 7,185,253.94 | \$ 3,517,102.32 | \$ 5,238,875.68 | \$ 7,000,000.00 |
| Net As-Is | \$ (272,192.95) | \$ (1,577,262.15) | \$ (2,327,197.74) | \$ (3,099,887.32) | \$ (510,272.49) | \$ (728,630.93) | \$ (946,989.38) |
| Requested EMS Stipend | \$ 365,000.00 | \$ 2,190,000.00 | \$ 1,095,000.00 | \$ - | \$ 2,190,000.00 | \$ 1,095,000.00 | \$ - |
| Net with Stipend | \$ - | \$ (3,767,262.15) | \$ (3,422,197.74) | \$ (3,099,887.32) | \$ (2,700,272.49) | \$ (1,829,630.93) | \$ (946,989.38) |

* Current Model

** Assumes a collection rate of 40% versus 25%

Internal Audit of Columbus Fire and Emergency Medical Services

July 25, 2023

Presented by: Donna L. McGinnis, CPA CFE,
Internal Auditor /Compliance Officer

Audit Authorization

- ▶ The audit was authorized by City Council on August 9, 2022.

Audit Process

- ▶ Authorization of Audit
- ▶ Development of Audit Program
- ▶ Entrance Conference With Auditee
- ▶ Conduct of Fieldwork

Audit Process (Continued)

- ▶ Preparation of Draft Audit Report
- ▶ Exit Conference with Auditee
- ▶ Auditee Response
- ▶ Preparation of Final Audit Report

Audit Scope

- ▶ Budget Performance in our most recently completed FY22, compared to previous years.
- ▶ Operational review of Emergency Medical Services.

Audit Recommendations

- ▶ Recognize a budgetary line item in the Fire/EMS budget to specifically address the ongoing costs of outsourced labor contracts for aged fleet repairs.
- ▶ Add one additional FTE to the Collection Technicians team as they had previously been staffed at 4 in years past, when the billing volume was lower than it is today. This FTE should be totally devoted to EMS, as existing staff devote 75% of their efforts to EMS.
- ▶ Additional training should be provided to the EMS teams, addressing the importance of submitting Prehospital Care Reports that meet the minimum standards for billing. Even if using a private billing service, adherence to minimum billing standards is critical to best collection outcomes.

Audit Recommendations (continued)

- ▶ As 75% of all claims go through Medicare or Medicaid, CCG should consider contributing to the Medicare/Medicaid clearing house which would then provide an additional level of coverage for our submitted claims.
- ▶ If in the future, decisions lead to the use of a private billing service, it will be necessary to maintain points of contact within CCG. Both Finance-Revenue & Fire/EMS should participate as points of contact for any service that might be engaged. The private service will still need audit oversight to ensure compliance with the service agreement.
- ▶ As the community has begun perceiving the EMS service as a "taxicab" product, it is recommended that CCG adopt and enforce a fine or penalty for abuse of the 9-1-1 system and related EMS service. Such a penalty is likely to reduce the abuse that is currently unaddressed.

Auditee Response

- ▶ The Fire-EMS Department is committed to transparency in operations and upholding its' fiduciary responsibility to be good stewards of taxpayer dollars. The auditor's finding coincides with internally identified challenges associated with budgetary pressure on specific Fire-EMS budget lines. The Department's capacity to control these measures is limited at best. The Fire-EMS Department will continue to strive to meet its' community obligations with the resources provided.

Questions

- ▶ Are there any questions from City Council or Executive Management regarding this report?