



OFFICE OF THE CITY AUDITOR
Long Beach, California

LAURA L. DOUD, CPA
City Auditor

March 14, 2011

Pamela Horgan, Manager, Commercial Services Bureau
Diane Ambriz-Kienast, Financial Services Officer
Financial Management Department
333 W. Ocean Blvd., Plaza Level
Long Beach, CA 90802

RE: Billing and Collections Section Audit

During fiscal year 2010, our office performed an audit of the Billing and Collections (B&C) Section in the Commercial Services Bureau of the Financial Management Department. We apologize for the delay in presenting the audit results and recognize it has been several months since any discussion with Department management. As a result, we have elected not to issue a report. Instead, the findings and recommendations resulting from our audit work are presented below.

Our audit focused on the billing function related to Advanced Life Support (ALS) ambulance transport and false alarm services during the period from October 1, 2007 through September 30, 2009. The objectives of our audit were to determine if all allowable ALS ambulance transport and false alarm services were appropriately billed and accurately calculated using City Council approved fees. Our main audit procedures included testing accounts with no billing activity, recalculating trip reports and false alarm invoices using City Council approved fees, and verifying all invoice charges were correct.

We conducted this performance audit in accordance with Generally Accepted Government Auditing Standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Based on our review, the following issues were identified:

Missing Ambulance Transport Billings

The Department is not billing for all ambulance transports. Of the accounts tested, 4% either had supporting trip reports that were not billed or the trip report could not be located. The potential financial impact of the unbilled accounts tested is estimated at a \$44,400 loss to the City; Medicare/Medical transports reduce the potential loss to \$13,000. Missing ambulance transport billings was also a finding noted in a prior audit report issued in 2001.

We are recommending the Department implement procedures to reconcile Fire Department records of ambulance transports to hospital admission records to ensure all trips are billed. In addition, reviewing the Unbilled Accounts Report from Technology Services on a monthly basis will ensure unbilled accounts are identified and follow-up action can be initiated.

Incorrect Charges on Ambulance Billings

When comparing ambulance transport invoices to supporting trip reports, we found that 9.8% of the invoices did not include charges for all reimbursable services provided and medications administered or contained incorrectly billed items. However, the financial impact of these errors was minor.

To assist in reducing the number of errors, the Department should regularly receive updated ALS medical supplies and fees schedules from the Fire Department. Since these types of invoice errors currently are resulting in a minimal financial risk, it is not necessary to establish an extensive quality review process at this time. However, management should periodically review a sample of invoices to ensure that error levels and their corresponding financial impact remain low.

During the review, two other issues were previously discussed with management, and it is our understanding changes were being evaluated or have been implemented.

- It was determined the newly installed Rescue Net Software System was not consistently calculating and applying late fees to delinquent accounts.
- The Police Department was not consistently submitting complete address billing information for unit-generated false alarms.

It is not necessary for management to provide comments at this time; however, our Office is requesting an update in 90 days on the Department's efforts to address the issues noted above. We would like to express our appreciation to management and staff of the Financial Management, Fire and Police departments for their cooperation during this audit. Should you have any questions regarding the issues noted in this report, please feel free to contact Janet Day at extension 5895.

Sincerely,



Laura L. Doud
CITY AUDITOR

cc: William Yeomans, Acting Director of Financial Management
Jim McDonnell, Chief of Police
Jonathan Stafford, Administrator, Police Department
Alan Patalano, Fire Chief
Matthew Gruneisen, Captain, Paramedic Coordinator