



**Fire Department - Billing  
2<sup>nd</sup> Follow-Up Audit  
No. A2024-05**

Issued by the  
Internal Audit Department  
February 21, 2024

**City of El Paso  
Internal Audit Department  
Fire Department – Billing 2<sup>nd</sup> Follow-Up Audit A2024-05**

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***EXECUTIVE SUMMARY***

The Internal Audit Department conducted a 2<sup>nd</sup> Follow-Up Audit of the Fire Department – Billing Audit Report dated August 06, 2019. The original Audit Report contained a total of three (3) findings. A 1<sup>st</sup> Follow-Up Audit of the Fire Department – Billing Audit was conducted on March 22, 2023 and identified that Original Findings #2 and #3 had been implemented and Finding #1 was still in progress of being fully implemented. Upon completion of the 2<sup>nd</sup> Follow-Up Audit, we have determined the status of the recommendation for Finding #1 as outlined in the table below:

<b>Finding No.</b>	<b>Description of Original Findings</b>	<b>Status</b>
1	<p>The El Paso Fire Department (EPFD) does not have a 3<sup>rd</sup> Party Collection Agency in place to collect accounts that are in default. The Fire Department’s former 3<sup>rd</sup> Party Collections Agency, Accounts Management Resources (AMR), closed their Texas collection services and stopped accepting accounts on May 1, 2018.</p> <p>With no 3<sup>rd</sup> Party Collection Agency in place, accounts in default are not:</p> <ul style="list-style-type: none"> <li>• actively collected on past 180 days,</li> <li>• assessed a 21% late fee as required by City Ordinance,</li> <li>• reported to a Credit Reporting Bureau as required by policy.</li> </ul>	In Progress – Management will Assume the Risk
2	EPFD is not conducting annual exclusion verifications against the List of Excluded Individuals and Entities (LEIE) for employees and vendors that provide billing and operation of ambulance transport services. The LEIE is maintained and updated by the U.S. Department of Health & Human Services Office of Inspector General (OIG).	Implemented
3	EPFD is not reconciling Digitech’s (formally R1) Patient Payment Deposit Reports to the City of El Paso’s Wells Fargo account and to Digitech’s monthly billing invoices to ensure the accuracy of the amounts reported by Digitech.	Implemented

A 3<sup>rd</sup> Follow-Up Audit will not be scheduled as the Fire Department will assume the risk a contract with a 3<sup>rd</sup> Party Collection Agency to collect accounts in default does not get awarded. For a detailed explanation of the pending finding and the current observation, please refer to the body of this Audit Report.

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**BACKGROUND**

The *Generally Accepted Government Auditing Standards* (Standard 8.30) states that auditors should evaluate whether the audited entity has taken appropriate corrective action to address findings and recommendations from previous engagements. The *International Standards for the Professional Practice of Internal Auditing* (Performance Standard 2500.A1) require that the Chief Audit Executive establish a follow-up process to monitor and ensure that management actions have been effectively implemented or that senior management has accepted the risk of not taking action.

**AUDIT OBJECTIVES**

The objective of the follow-up process was to ensure that corrective action was taken by management to address the recommendations detailed in the original Audit Report titled *Fire Department – Billing Audit* dated August 06, 2019.

**AUDIT SCOPE**

The 2<sup>nd</sup> Follow-Up Audit was limited to a review of Finding #1 in the Original Audit Report titled *Fire Department – Billing Audit* dated August 06, 2019. The audit period covered the operations of Fiscal Year 2024.

**AUDIT METHODOLOGY**

To achieve our audit objectives, we:

- Reviewed the El Paso Fire Department’s applicable Operations Procedures.
- Interviewed the Public Safety Fiscal Operations Administrator.
- Verified that the El Paso Fire Department (EPFD) has a 3<sup>rd</sup> Party Collection Agency under contract so that accounts that are in default are:
  - actively collected on past 180 days,
  - assessed a 21% late fee as required by City Ordinance,
  - reported to a Credit Reporting Bureau as required by policy.

We conducted this audit in accordance with *Generally Accepted Government Auditing Standards* and the *International Standards for the Professional Practice of Internal Auditing*. 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 that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

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***ORIGINAL FINDINGS, ORIGINAL RECOMMENDATIONS, MANAGEMENT’S RESPONSE TO ORIGINAL FINDINGS, FIRST FOLLOW-UP OBSERVATION AND STATUS, CURRENT OBSERVATION AND STATUS***

Based on the follow-up audit results, the original finding recommendation will be designated with one of the following four status categories:

<i>Implemented</i>	The finding has been addressed by implementing the original corrective action or an alternative corrective action.
<i>In Progress</i>	The corrective action has been initiated, but is not complete.
<i>Not Applicable</i>	The recommendation is no longer applicable due to changes in procedures or changes in technology.
<i>Not Implemented</i>	The recommendation was ignored, there were changes in staffing levels, or management has decided to assume the risk.

**Original Finding 1** (Report dated August 06, 2019)

**Third Party Collection Agency**

City of El Paso Strategic Plan:

- Goal 6.6 *Ensure continued financial stability and accountability through sound financial management, budgeting and reporting.*
- Goal 6.13 *Maintain systems integrity, compliance and business continuity.*

*El Paso Fire Department Ambulance Billing and Collection Policy* dated 9/15/2015

- Section 1.3 *For the purpose of this policy all reference from this point forward to... “3<sup>rd</sup> Party Collections Agency” shall refer to AMR Collections Agency or the current vendor.*
- Section 1.6.2 *In general, unless there has been evidence of good faith consistent monthly payments, accounts at least 180 days from the date the account has been identified as self pay and no more than two years of date of service the account will be referred to a 3<sup>rd</sup> Party Collection Agency.*
- Section 1.7 *180 Days to 2 Years El Paso Fire Department will approve the referral of an account to the 3<sup>rd</sup> Party Collection Agency...Upon referral to Collection Agency accounts will have the additional 21% late fee set forth in City Ordinance assessed to each account. 3<sup>rd</sup> Party Collections Agency will report uncollected accounts to a Credit Reporting Bureau...*

The El Paso Fire Department does not have a 3<sup>rd</sup> Party Collection Agency in place to collect accounts that are in default. The Fire Department’s former 3<sup>rd</sup> Party Collections Agency, Accounts Management Resources (AMR), closed their Texas collection services and stopped accepting accounts on May 1, 2018.

With no 3<sup>rd</sup> Party Collection Agency in place, accounts in default are not:

- actively collected on past 180 days,
- assessed a 21% late fee as required by City Ordinance,
- reported to a Credit Reporting Bureau as required by policy.

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**Recommendation**

The El Paso Fire Department should have a 3<sup>rd</sup> Party Collection Agency under contract so that accounts that are in default are:

- actively collected on once they exceed 180 days past due,
- assessed a 21% late fee as required by City Ordinance,
- reported to a Credit Reporting Bureau as required by the *El Paso Fire Department Ambulance Billing and Collection Policy*.

**Management’s Response**

The Fire Department submitted the request to Purchasing and Strategic Sourcing in August 2019 to revise the scope of work with the current vendor, R1 Solicitation 2016-385R Transport Medical Billing, Collections & ePCR Service for the removal of Third Party Collections. The Fire Department will work with Purchasing and Strategic Sourcing to procure services for Third Party Collections.

**Responsible Party**

Deborah Olivas, Public Safety Fiscal Operations Administrator  
Terry Kebschull, Assistant Fire Chief

**Implementation Date**

November 15, 2020

**First Follow-Up Observation** (Report dated March 22, 2023)

The El Paso Fire Department has not contracted a 3<sup>rd</sup> Party Collection Agency to collect emergency medical services (EMS) accounts that are in default. With no 3<sup>rd</sup> Party Collection Agency in place, accounts in default are not:

- Actively collected on past 180 days,
- Assessed a 21% late fee according to City Ordinance 014700,
- Reported to a Credit Reporting Bureau as required by policy.

The Fire Department’s former 3<sup>rd</sup> Party Collections Agency, Accounts Management Resources (AMR) closed their Texas collection services and stopped accepting accounts on May 1, 2018. The El Paso Fire Department (EPFD) was able to temporarily contract with their current 3<sup>rd</sup> Party EMS biller, Digitech, to also collect on accounts that are in default. Because Digitech was no longer able to continue services under the current agreement, EPFD will be going out for bid for two separate contracts: (1) Billing & Collections (2) Delinquent Collections. A committee has been established and began meeting on February 22, 2023 to review bid specifications. The El Paso Fire Department is also in the process of transitioning to a new vendor for their Revenue Management System.

**Status**

In Progress – El Paso Fire Department Management should continue to work with the Purchasing Department to issue a Request for Proposal (RFP) for the collection of delinquent EMS accounts. A 2<sup>nd</sup> Follow-Up Audit will be conducted in the future to ensure that management has properly addressed the audit’s recommendations.

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**Current Observation**

The El Paso Fire Department is in the process of contracting a 3<sup>rd</sup> Party Collection Agency to collect accounts that are in default.

Solicitation No. 2023-0683R *Transport Medical Billing and Collections* was issued on August 15, 2023 by the City of El Paso Purchasing & Strategic Sourcing Department. The Scope of work for Solicitation No. 2023-0683R includes:

- Providing a billing and collection system to process, bill, collect and report the current emergency ambulance service fees for transports made within the boundaries of the City and County of El Paso.
- Providing an ongoing past-due/delinquent collection service process to include reporting to the Credit Bureau.

Bid Proposals were submitted by three firms and are currently being evaluated by the Fire Department. The contract is expected to be awarded in May 2024 with an anticipated “go live” date of June 2024 for the new contractor.

Note: Solicitation No. 2023-0683R *Transport Medical Billing and Collections* does not mention the assessment of a 21% late fee as required by City Ordinance 014700.

**Status**

In Progress – The Chief Internal Auditor determined that no further follow-up work will be completed in this area. The El Paso Fire Department Management will assume the risk in the event the contract does not get awarded.

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***INHERENT LIMITATIONS***

Because of the inherent limitations of internal controls, errors or irregularities may occur and not be detected. Also, projections of any evaluation of the internal control structure to future periods beyond the Audit Report date are subject to the risk that procedures may become inadequate due to changes in conditions, management override of internal controls, or that the degree of compliance with the procedures may deteriorate. This was a limited scope audit which only reviewed the areas stated in the Audit Objectives during the Audit Scope period. No representations of assurance are made to other areas or periods not covered by this audit.

***CONCLUSION***

We have concluded our audit work on the objectives of the Fire Department – Billing 2<sup>nd</sup> Follow-Up Audit. The audit evidence used in the analysis is sufficient and appropriate for addressing the objectives and supporting the observations and conclusion. In accordance with *Generally Accepted Government Auditing Standards* we are required to conclude on whether the Fire Department met the objectives of this Follow-Up Audit.

Based on our audit work, we have determined that the Fire Department did not meet the audit objectives of the 2<sup>nd</sup> Follow-Up Audit. The Fire Department is in progress of contracting a 3<sup>rd</sup> Party Collection Agency to collect accounts that are in default and expect to have a contract awarded by May 2024.

We wish to thank Fire Department Management and staff for their assistance and courtesies extended during the completion of this Follow-Up Audit.

Signature on File  
Edmundo S. Calderón, CIA, CGAP, CRMA, MBA  
Chief Internal Auditor

Signature on File  
Liz De La O, CFE, CIA, CGAP, MPA  
Auditor IV

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