

APPROVED MINUTES APPROVED ON 11/09/2020



**CITY OF SCOTTSDALE
AUDIT COMMITTEE
REGULAR MEETING**

Monday, October 19, 2020

Meeting Held Electronically

PRESENT: Kathy Littlefield, Chair
Virginia Korte, Councilmember
Solange Whitehead, Vice Mayor

STAFF: Sharron Walker, City Auditor
Kyla Anderson, Senior Auditor
Brad Hubert, Senior Auditor
Shelby Trimaloff, Exec. Asst. to City Auditor Department
Bill Murphy, Assistant City Manager
Kroy Ekblaw, Preserve Director
Scott Hamilton, Preserve Manager
Tom Shannon, Fire Chief
Jim Ford, Deputy Fire Chief
Eric Valliere, Assistant Fire Chief
Brent Stockwell, Assistant City Manager

CALL TO ORDER

The meeting was called to order at 4:00 p.m. A formal roll call confirmed the presence of all Committee Members as noted above.

PUBLIC COMMENT

There were no written comments received and no members of the public who requested to speak.

REGULAR AGENDA

1. Approval of Minutes, Regular Meeting, August 17, 2020

Chair Littlefield called for comments/changes to the minutes.

VICE MAYOR WHITEHEAD MOVED TO APPROVE THE MINUTES OF THE AUGUST 17, 2020 REGULAR MEETING AS PRESENTED. COUNCILMEMBER KORTE SECONDED THE MOTION, WHICH CARRIED 3-0 WITH CHAIR LITTLEFIELD, VICE MAYOR WHITEHEAD AND COUNCILMEMBER KORTE VOTING IN THE AFFIRMATIVE.

Chair Littlefield stated that at the last meeting Councilmember Korte suggested that the Committee ask for a City Manager review and report on all of the Public Works audits during the last four to five years. This report should be available for the November agenda.

2. Discussion and Possible Direction to Staff Regarding McDowell Sonoran Preserve Commission Sunset Review

Sharron Walker, City Auditor, summarized the requested action as being to evaluate the Commission's purpose and its continuation. She also noted that, for this Commission, the City Council would like the Committee to review possible expansion of the Commission to 11 members. Committee members have been provided with the Commission's recent annual reports as well as a memo from Assistant City Manager Bill Murphy providing background information related to the Commission's membership size.

Chair Littlefield invited Mr. Murphy to provide comments. Mr. Murphy stated that Preserve Director Kroy Ekblaw and Preserve Manager Scott Hamilton were also present with him. They are happy with the progress made by the Commission over the last three years and hope that it will be allowed to continue. When he and Mr. Ekblaw first took over responsibility for the Preserve, there was an 11-person membership, which became cumbersome in terms of assimilating information and allowing all the members to speak and provide input. As such, the recommendation is to keep membership at seven. The next phase of their work will be determining a projection for where the Preserve will be 25 years from now. Important issues include wildfire prevention and advancing partnerships with the Department of Game and Fish, Maricopa County Parks, and others.

Vice Mayor Whitehead commented that she hopes to acquire more land but having additional members will not help with that process.

COUNCILMEMBER KORTE MOVED TO RECOMMEND TO THE CITY COUNCIL TO CONTINUE THE MCDOWELL SONORAN PRESERVE COMMISSION. CHAIR LITTLEFIELD SECONDED THE MOTION, WHICH CARRIED 3-0 WITH CHAIR LITTLEFIELD, VICE MAYOR WHITEHEAD AND COUNCILMEMBER KORTE VOTING IN THE AFFIRMATIVE.

COUNCILMEMBER KORTE MOVED TO RECOMMEND TO THE CITY COUNCIL TO MAINTAIN THE CURRENT NUMBER OF 7 MEMBERS FOR THE MCDOWELL SONORAN PRESERVE COMMISSION. VICE MAYOR WHITEHEAD SECONDED THE

MOTION, WHICH CARRIED 3-0 WITH CHAIR LITTLEFIELD, VICE MAYOR WHITEHEAD AND COUNCILMEMBER KORTE VOTING IN THE AFFIRMATIVE .

3. Discussion Possible Direction to Staff Regarding Audit No. 2009, Ambulance Services Contract

Kyla Anderson, Senior Auditor, stated that the audit was conducted to assess management controls over and contract administration of the City's ambulance services contract. Scottsdale Fire Department is the first responder for medical emergencies in the City, while transportation to the hospitals is contracted out to Maricopa Ambulance. The contract with Maricopa is revenue-only and the City does not pay for ambulance services. Instead, Maricopa bills the patient or their insurance providers for service and reimburses the City for advanced life support provided by City firefighters. Maricopa also reimburses the City for a performance improvement coordinator's annual salary and for clinical upgrades and training. Since inception of the contract in FY 2017/18, Maricopa has reimbursed the City nearly \$3.5 million.

The audit found that the Priority 1 response time compliance was not documented, and original dispatch data files were not retained. Although required by the contract, the contract administrator has not ensured Maricopa Ambulance provides monthly ambulance response time reports. Instead, the department and ambulance contractor discuss any noncompliant calls as part of their biweekly meetings. Based on audit analysis of call center data, Maricopa did not meet the Priority 1 response time goals in eight of the 18 months reviewed. However, during the audit, the fire department and Maricopa researched and provided documentation for enough calls to bring the contractor into compliance for those eight months. The fire department was not retaining the original Phoenix Regional Dispatch Center call data. There were apparent call data errors in the department's call database, and upgrade and downgrade response time requirements are unenforceable due to the lack of data.

Billing controls should be improved for the ambulance contractor's reimbursements. The department's ALS service reimbursement billing process is not consistent or reliable. For example, some invoices did not match the support documentation and some BLS calls were billed as ALS. While the over- and underbilling errors each totaled more than \$30,000, they netted to the department overbilling the contractor approximately \$2,600. Further reimbursement invoices were not always sent or paid timely. For example, between February 2018 and June 2020, the contractor paid 93 percent of ALS reimbursements late. The City's ALS service reimbursement invoices did not provide the contract-required information, and the department did not calculate the annual increase in the performance improvement coordinator salary reimbursement in compliance with the contract.

The transport policy should be reevaluated, and data controls and contract administration can be improved. The department sends a firefighter paramedic on every transport to the hospital, though this level of service is not required by the contract. When firefighter paramedics accompany patients during transport, department staffing is impacted. Having the ambulance provider complete the BLS transports, which is the level of service the contract provides, would reduce the impact on department staffing. Additionally, data integrity and retention and information system controls need to be improved for the electronic patient care reporting data. The ePCR system data is not complete or reliable

and may have contributed to errors in the department's billing process. Further, information system controls over the ePCR can be improved. For example, the department should ensure the system is based on the principle of least privilege, which requires individuals to have access to only the information needed for their job duties. Further, the department can better safeguard protected health information, and the contract administrator should maintain a complete and organized contract administration file. The department agreed with most of the recommendations and has already begun to implement some new processes.

Chair Littlefield commented that there seem to be ongoing issues in terms of training administrators of contracts between the City and outside groups. She invited comments from Chief Shannon. Tom Shannon, Fire Chief, stated that in each of the findings, there are opportunities to improve through better communication and better internal systems. Many of these processes have already been implemented. The dispatch system, which is fed through Phoenix Fire Department, has been unique and problematic in terms of the delivery of data. The department has difficulty managing the data without adding additional systems, which it has now begun to undertake. One issue that he takes exception with is in terms of staffing and deployment. Staffing is impacted, but in an intentional manner. Clinical outcomes for patients are unquestionably better when the department provides door to door service from initial contact through transport to the hospital. When passing a patient from one provider to another, there is potential for errors. The contract was designed specifically with this in mind and the department has been providing this door to door service for nearly ten years.

Vice Mayor Whitehead commented that the audits are performed to identify inefficiencies. However, at the end of the day, they are really looking for informed decision making. She appreciates the Chief's explanation and she agrees with his expert opinion in making final decisions. Ms. Walker commented that the recommendation is to evaluate the operational impact of sending the paramedic on the BLS transport or to determine whether the contract should be modified to require BLS reimbursement. Currently, even though fire personnel are on every call, the City is only being reimbursed for the difference between the ALS rate and the BLS rate on advanced life support calls. The audit was not intended to assert that auditors should be making such decisions.

Chief Shannon stated that the difficulty with reimbursements on BLS calls are due to the very, very small margins in the ambulance business. The provider is fully capable of providing ALS and BLS staff members. The question comes down to a service level issue. In terms of billing issues on ALS versus BLS calls, sometimes the mere presence of a paramedic on a BLS patient can result in a billing of a patient for ALS fees, even though this was not the intent. For example, a patient with a broken ankle is delivered to the hospital. While there may have been no pain management or advanced life support care, just by virtue of the department staff presence and some of the equipment used, this will sometimes generate an advanced Life support bill to the customer. Chair Littlefield commented that this issue is an excellent example of some of the difficulties experienced by the City, as it provides a higher quality of service.

COUNCILMEMBER KORTE MOVED TO ACCEPT AUDIT NO. 2009. VICE MAYOR WHITEHEAD SECONDED THE MOTION, WHICH CARRIED 3-0 WITH CHAIR LITTLEFIELD, VICE MAYOR WHITEHEAD AND COUNCILMEMBER KORTE VOTING IN THE AFFIRMATIVE.

4. Discussion Possible Direction to Staff Regarding 1st Quarter FY 2020/21 Follow Up on Status of Audit Recommendations

Ms. Walker stated that of the 166 recommendations for the quarter, 65 percent have either been implemented or partly implemented. Nearly 32 percent are in progress. These results are similar to the same quarter a year ago, 66 percent and 29 percent. There is a slightly larger proportion in progress, which she attributes at least partly to departments' focus being on the pandemic and auditors accordingly being a little less persistent in conducting follow ups. The not implemented recommendations have decreased significantly to only six-tenths of one percent. Chair Littlefield commented that the audits have proceeded well, especially considering the difficulties resulting from the pandemic.

5. Informational Report Regarding 3rd Quarter CY 2020 Taxpayer Problem Resolution Officer Report

Ms. Walker stated that the comments and ratings for service and billing were largely favorable. The report is for informational purposes.

6. City Auditor Updates, Including Status of FY 2020/21 Audit Plan

Ms. Walker stated that audit plan progress is at the typical level for this time of year in terms of productivity.

7. Discussion and Possible Direction to Staff Regarding Potential Agenda Items for Next Audit Committee Meeting

Ms. Walker noted that the meeting in November will take place earlier than usual, on the 9th. This is due to the holidays and also in an effort to get the financial audit results to the Committee for review prior to submission to City Council.

The NTD financial data review may not be ready for the November 9th meeting, as there have been some delays with the transit staff finalizing their report so that auditors can review it.

The City Manager review of public works audits is also on the November 9th agenda.

Adjournment

With no further business to discuss, being duly moved by Vice Mayor Whitehead and seconded by Councilmember Korte, the meeting adjourned at 4:36 p.m.

SUBMITTED BY:

eScribers, LLC