



**Fire Department – Billing  
Follow-Up Audit  
No. A2023-05**

Issued by the  
Internal Audit Office  
March 22, 2023

**City of El Paso  
Internal Audit Office  
Fire Department – Billing Follow-Up Audit A2023-05**

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***EXECUTIVE SUMMARY***

The Internal Audit Office conducted a Follow-Up Audit of the Fire Department – Billing Audit Report dated August 6, 2019. The original Audit Report contained three (3) findings. Upon completion of the audit fieldwork, we have determined the status of the recommendation for each audit finding 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
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

For a detailed explanation of the current observations, please refer to the appropriate Finding contained in 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 audit objective was to ensure that corrective action was taken by management to address the recommendations identified in the original Audit Report dated August 6, 2019.

***AUDIT SCOPE***

The audit period covered the Fire Department's – EMS billing activities for Fiscal Year 2023.

***AUDIT METHODOLOGY***

To achieve our audit objectives, we:

- Reviewed the El Paso Fire Department's applicable Operations Procedures.
- Interviewed the Assistant Fire Chief over the annual OIG LEIE verification.
- 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.
- Confirmed that the EPFD is ensuring that annual exclusion verifications are conducted against the U.S. Department of Health & Human Services OIG LEIE for employees and vendors providing services related to the billing and operation of ambulance transport services.
- Verified that the El Paso Fire Department is:
  - reconciling Digitech's (formally R1) Patient Payment Deposit Reports to the City of El Paso's Wells Fargo account and Digitech's monthly billing invoices,
  - communicating noted variances identified during the reconciliation to Digitech for resolution,
  - footing and cross-footing invoices.

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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***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.

**Finding 1**

**Current Observation**

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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**Finding 2**

**Current Observation**

The El Paso Fire Department (EPFD) is annually verifying the exclusion status of all current EPFD employees and contracted vendors from the List of Excluded Individuals and Entities (LEIE) Database. The LEIE is maintained and updated by the U.S. Department of Health & Human Services Office of Inspector General.

The *El Paso Fire Department's procedure for verification of U.S. Department of Health & Human Services Office of Inspector General (OIG) Excluded Individuals and Entities (LEIE) compliance* provided on February 27, 2023 contains procedures for:

- New Employees,
- New Vendors,
- Annual Verification,
- Fire Department employees notified of exclusion by the OIG.

The Internal Audit Office verified on March 2, 2023 that the Annual OIG LEIE Verification was conducted on current EPFD employees and contracted vendors for calendar year 2023.

**Status**

Implemented

**Finding 3**

**Current Observation**

A review of reconciliations performed by the Fire Department for the months of November 2022, December 2022, and January 2023 identified that the El Paso Fire Department:

- Is reconciling Digitech's Patient Payment Deposit Reports to the City of El Paso's Wells Fargo account and to Digitech's monthly billing invoices,
- Did not identify any variances during reconciliations that required resolution,
- Is footing and cross-footing Digitech invoices.

**Status**

Implemented

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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 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 whether the El Paso Fire Department met the objectives of this Follow-Up Audit. Based on our audit work, we have determined that:

1. The El Paso Fire Department met the audit objectives in the following areas:
  - Conducting annual exclusion verifications against the U.S. Department of Health & Human Services OIG LEIE for employees and vendors providing services related to the billing and operation of ambulance transport services.
  - Reconciling Digitech’s (formerly R1) Patient Payment Deposit Reports to the City of El Paso’s Wells Fargo account and Digitech’s monthly billing invoices.
2. The El Paso Fire Department did not meet the audit objectives in the following areas:
  - Contracting a 3<sup>rd</sup> Party Collection Agency so that accounts that are in defaults 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.

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

  
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