



20 E Main St Suite 820  
PO Box 1466  
Mesa, Arizona 85211-1466

Date: November 7, 2012

To: Audit, Finance & Enterprise Committee

From: Jennifer Ruttman, City Auditor

Subject: Audit of Southwest Ambulance Contract – 2<sup>nd</sup> Follow-up Review

cc: John Pombier, Deputy City Manager

Attached is the final report on the 2<sup>nd</sup> follow-up review of our 2010 Audit of the Southwest Ambulance Contract. This report will be presented at the next scheduled meeting of the Audit, Finance and Enterprise Committee. If you have any questions, please feel free to contact me at x3767.

## 2<sup>nd</sup> FOLLOW-UP REVIEW

CITY AUDITOR

---

**Report Date:** November 7, 2012  
**Department:** Mesa Fire & Medical Department (MFMD)  
**Subject:** Southwest Ambulance Contract

---

### **OBJECTIVE**

The objective of this review was to determine whether the MFMD has effectively implemented the corrective actions as agreed, following our December 2010 follow-up review of the Southwest Ambulance Contract audit.

### **SCOPE & METHODOLOGY**

To accomplish our objectives, we met with MFMD staff members and reviewed supporting documents provided by the Department, including but not limited to invoices, compliance reports, activity logs, and data analyses.

### **BACKGROUND**

On April 15, 2009, we issued a report on our audit of the Southwest Ambulance Contract. The objectives of that audit were to determine whether the contract terms were favorable to the City; to assess MFD's contract monitoring efforts; and to evaluate contractor compliance. The audit report contained several recommendations for improvement, and a response from management detailing their plans to implement corrective action.

In December 2010, we issued a follow-up report in which we noted that little progress had been made in implementing the original corrective action plans. Negotiations for a new regional contract were still ongoing, and the Department had not yet implemented the planned improvements related to response time measurement, contract monitoring, and reimbursements. In response to the follow-up report, the Department reaffirmed its commitment to implementing the planned improvements.

Since that time, we have periodically checked in with MFMD to assess the status of the action plans. The Department was working on establishing a full-time contract monitor, and progress was being made toward the other improvements. As a result, we delayed this 2<sup>nd</sup> follow-up review until now, to increase the likelihood of a successful outcome.

### **CONCLUSION**

In our opinion, all of the issues remaining after the first follow-up review have been successfully addressed by the MFMD. Most of the action plans were implemented as planned, and others were appropriately modified to meet changing needs and circumstances. For a complete list of the corrective actions implemented since the last review, please see the attached Appendix.

<b>APPENDIX</b>	
<b><u>Corrective Action</u></b>	<b><u>Implementation Status</u></b>
<b>CAP#1: Inferior Contract Terms</b>	
Negotiate a provision in the contract that requires the contractor to reimburse MFD for contract administration costs.	<b>Implemented</b> In August 2011, a new regional contract was executed. In February 2012, the contract was amended to require Southwest Ambulance to provide up to \$100,000 to fully fund a Management Performance and Accountability Advisor to administer and monitor the contract. The position was filled in March 2012, and SWA is now invoiced monthly for reimbursement.
Make sure contractors insurance is equal to or exceeds the City's insurance.	<b>Implemented</b>
Contract Administrator to work with Management Performance and Accountability Office to develop appropriate measures.	<b>Implemented</b> The following performance measures are now in use: <ul style="list-style-type: none"> <li>• Ratings of ambulance service by first responders</li> <li>• Number of ambulance accidents per quarter</li> <li>• Number of ambulance break-downs per quarter</li> </ul>
Include liquidated damages for performance failures.	<b>Implemented</b>
<b>CAP#2: Response Time Measurement</b>	
Collect accurate data for Code 3 response times:	
Develop a written, agreed upon validation procedure with the contractor.	<b>Implemented Modified Solution</b> Mesa uses dispatch recordings and GPS data to evaluate and resolve discrepancies.
Add a new event type with CAD upgrade.	<b>Implemented</b>
Train dispatchers to properly document code 3 calls.	<b>Implemented</b>
Work with ITD to automate (response time reconciliation) process.	<b>Implemented</b>

<b>APPENDIX</b>	
<b><u>Corrective Action</u></b>	<b><u>Implementation Status</u></b>
<b>CAP#3: Contract Monitoring Improvements</b>	
Document all performance issues, and request information from Transportation agency monthly. Keep all documentation of performance issues in Master File.	<b>Implemented</b>
Request and review information from Department of Health quarterly.	<b>Implemented Modified Solution</b> Information is requested annually.
Maintain current list of station locations, dedicated personnel, training and certification reports, and financial reports, in Master File.	<b>Implemented Modified Solution</b> MFMD will maintain a list of station locations, but will not maintain lists of dedicated personnel or training and certification reports unless issues with contractor performance arise.
Survey customers semi-annually on provider performance.	<b>Implemented Modified Solution</b> First responders are surveyed annually regarding Southwest's performance.
Contract monitors will attend the City's Contract Monitoring training.	<b>Implemented Modified Solution</b> The Management Performance & Accountability Advisor II monitoring the contract fully understands the City's contract monitoring procedures. In addition, he plans to utilize external training in contract administration.
<b>CAP#4: Paramedic Ride-in Reimbursements</b>	
Work with Southwest Ambulance to recover under-reimbursed ride-in fees.	<b>Implemented</b>
Monitor DHS web site quarterly for cost of living adjustment that corresponds to transport fees.	<b>Not Implemented</b> Not applicable to the regional contract.
MFD and SWA to define, in writing, the cap on ride-in reimbursements.	<b>Not Implemented</b> Not applicable to the regional contract.