

STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2769

AUDIT REPORT
OF

FIRE DEPARTMENT
CITY OF SOUTH BEND

ST. JOSEPH COUNTY, INDIANA

January 1, 2011 to December 31, 2011



FILED
07/18/2012

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CITY OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Fire Chief	Howard W. Buchanan, II Stephen F. Cox	01-01-08 to 02-01-12 02-02-12 to 12-31-15
Mayor	Stephen J. Luecke Pete M. Buttigieg	01-01-08 to 12-31-11 01-01-12 to 12-31-15
President of the Common Council	Derek D. Dieter	01-01-11 to 12-31-12



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF THE CITY OF SOUTH BEND

We have audited the records of the Fire Department for the period from January 1, 2011 to December 31, 2011, and certify that the records and accountability for cash and other assets are satisfactory to the best of our knowledge and belief, except as stated in the Audit Result and Comment. The financial transactions of this office are reflected in the Annual Report of the City of South Bend for the year 2011.

STATE BOARD OF ACCOUNTS

May 30, 2012

FIRE DEPARTMENT
CITY OF SOUTH BEND
AUDIT RESULT AND COMMENT

COLLECTION OF AMOUNTS DUE - EMS

Emergency medical services (EMS), Fund 288, receipts were \$2,508,727 for the year 2010 and \$1,915,097 for the year 2011. EMS officials explained that the lower receipts in 2011 were caused largely by delays in posting and billing EMS runs. As of February 23, 2012, EMS billing personnel were not yet finished posting 2011 EMS runs. Approximately the last two weeks of December 2011 EMS runs had not yet been posted. As of February 23, 2012, \$942,485 in 2011 EMS runs (fund 288) had been posted and billed in 2012.

Another reason for the reduced 2011 EMS receipts was that the EMS billing staff had not sent delinquent accounts to the collection agency since April 2011. EMS collections through the collection agency were \$75,626 less in 2011 than in 2010. As of February 23, 2012, the EMS billing staff prepared delinquent report showed that \$376,023 in accounts could be sent to collection agency.

Governmental units have a responsibility to collect amounts owed to the governmental unit pursuant to procedures authorized by statute. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

FIRE DEPARTMENT
CITY OF SOUTH BEND
EXIT CONFERENCE

The contents of this report were discussed on May 30, 2012, with Stephen Cox, Fire Chief; and with Todd Skwarcan, Assistant Chief Services. Also, at a separate meeting on May 30, 2012, the contents of this report were discussed with Pete M. Buttigieg, Mayor; Mark Neal, City Controller and with Oliver Davis, Vice President of the Common Council The Official Response has been made a part of this report and may be found on pages 6 and 7.

1222 S. MICHIGAN STREET
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CITY OF SOUTH BEND PETE BUTTIGIEG, MAYOR
SOUTH BEND FIRE DEPARTMENT
STEPHEN F. COX
FIRE CHIEF

May 31, 2012

Official Response

State Board of Accounts
302 West Washington Street
Room E418
Indianapolis, Indiana 46204-2765

To Whom It May Concern:

During the audit conducted for the City of South Bend Fire Department for the period January 1, 2011 to December 31, 2011 your auditor, Bruce Snyder, more closely examined a substantial decrease in receipts collected in our Emergency Medical Services Fund 288 and has notified me of an exception for said decrease during our Preliminary Discussion on May 30, 2012.

I concur with Mr. Snyder's findings regarding the two principal drivers for this difference in collections and wish to enter for the record further detail in explanation.

Mr. Snyder noted that a substantial backlog of calls occurred in the summer of 2011 resulting in many 2011 calls not being billed until nearly the end of the first quarter of 2012. During 2011 there was a complete turnover of staff in our billing office and a resulting slowdown in output. It also became necessary to make some changes in billing procedures which required a retooling of some of our billing forms and policies resulting in a temporary slowdown in our revenue cycle. We continue to work through staffing issues and streamline our billing procedures to shorten our billing cycle.

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CITY OF SOUTH BEND PETE BUTTIGIEG, MAYOR
SOUTH BEND FIRE DEPARTMENT

STEPHEN F. COX
FIRE CHIEF

It was also noted by Mr. Snyder that delinquent accounts were not sent to collections until the end of February 2012 going back to April of 2011. This condition was rectified shortly after my taking over the position of Fire Chief in February. I directed my staff to begin clearing out this backlog of calls that had built up because of previous managerial decisions to focus exclusively on the growing billing cycles referenced in the previous paragraph.

Mr. Snyder's audit brought to light several circumstances that may have gone undetected for a longer period of time. His audit allowed for rapid intervention from my Assistant Chief of EMS and Assistant Chief of Services, also new to their positions in February. We will continue to face challenges with staffing and will focus our efforts on efficiency and timely billing as we move forward.

Sincerely,

A handwritten signature in black ink, appearing to read "Stephen Cox", is written over a horizontal line.

Stephen Cox
Fire Chief