January 21, 2021

Oregon Secretary of State, Audits Division
255 Capitol St. NE, Suite #500
Salem, OR 97310

The City of Oakridge respectfully submits the following corrective action plan in response to deficiencies reported in our audit of fiscal year ended June 30, 2020. The audit was completed by the independent auditing firm SGA Certified Public Accountants and Consultants. The plan of action was adopted by the governing body at their meeting on January 21, 2021, as indicated by signatures below.

The deficiencies are listed below, including the adopted plan of action and timeframe for each.

Deficiency #1

Finding: 2019-002 Oversight of Third-Party Emergency Service Billing Provider (This is a carry-over from the prior year's audit)

Management should implement procedures designed to ensure the completeness of receipts from the emergency service billing provider.

Condition: There are no processes in place to ensure the billing provider is 1) billing all runs reported by the City at the approved contracted rates, or 2) ensuring the City is receiving all of the revenue for ambulance and fire services to which it is entitled.

Effect: The City would not be aware if the third party billing contractor was not turning over the full amount due each month.

Cause: Lack of procedures to reconcile internal run records with amounts collected and turned over by the service provider.

Recommendation: The City should implement new internal control procedures designed to

1) Reconcile internal run information with the number of incidents billed by the provider and

2) Reconcile amounts actually billed to amounts required to be billed

3) Review adjustment and write off information to match to expectations

4) Review amounts turned over to collections to ensure process is reasonable.

5) Review service provider bills for service charges against the number of services billed out.

Corrective Action Plan: Billing process detail with internal control procedure

Requests for assistance from the Oakridge Fire Department come in (3) primary ways. A 911 dispatch call is by far the most common method of contact, this accounts for about 95% of the requests. The other two methods are citizens calling the Oakridge Fire Department directly to request help and citizens that travel to the Oakridge Fire Department to request assistance. Regardless of how the request is made, every call is entered into the Imagetrend software and a chart is created. The Imagetrend software is a robust program that captures details of the patient, response team, travel, services provided, medication administered, supplies used and whether service is fire or EMS related. The chart is filled out at the initial call and details are added as the case evolves. Once the incident is concluded, Scott (Captain/Paramedic) reviews the chart for completeness and when he is satisfied all the needed information is included he will submit for billing.

Oakridge Fire Department sends all medical transport calls in for billing. When Oakridge Fire Department responds to a request at a citizen's home, the question of if the call will be billed or not becomes more complex. The Oakridge Fire Department has learned through experience that some payers will not pay for services rendered at a citizen's home when no transport is carried out. When these incidents are sent to billing, no revenue is generated but the Oakridge Fire Department incurs a billing charge from the 3rd party billing provider none the less, so the Oakridge Fire Department does not submit these types of incidents for billing.

Submitting the incidents for billing is an easy process, within the Imagetrend software, which contains all the data about the call, there is a "Status" drop down menu for each incident. After Scott reviews the chart and is satisfied that it is complete, he simply changes the status to "billed" and the Imagetrend software uploads the file to the 3rd party biller, Systems Design. Systems Design is the only 3rd party billing provider that the Oakridge Fire Department uses.

Systems Design is responsible for correctly coding all of the incidents and submitting those claims to the payers. Medical billing is a complex procedure, codes need to be accurate in order to receive as much revenue as possible. Payers also contract specific reimbursement rates for services. Systems Design manages the contracts with the payers, the Oakridge Fire Department is not involved in that process. Therefor the Oakridge Fire Department has no control over the difference between the required and actual billed amounts, which is managed by Systems Design. The Finance Director has begun to use the reports provided by Systems Design to create performance ratios that will be monitored.

Each month Systems Design send the Oakridge Fire Department a "Batch Verification Report". This report details each incident submitted for billing that month. Scott compares this report to a report from the Imagetrend software that includes all incidents for the month. He writes down each of the incident numbers that are not included on the Batch Activity Report (referred to as the "missing incident number"), as these are not submitted for billing. He then checks those missing incidents in the Imagetrend software to verify that those are in fact, non-billable incidents. If there is an error, such as finding an incident that should have been submitted to billing but wasn't, he will then submit it. Once satisfied that all of the incidents that should have been submitted to billing, have been submitted to billing, Scott initials and dates the Batch Verification Report, his "missing incident number" list, the report from Imagetrend. He then scans his work papers and saves them to the network as a PDF file.

Systems Design will notify the Oakridge Fire Department when there is an issue with receiving full payoff amounts from patients. The Oakridge Fire Department will then determine if the incident qualifies to be written off by following the write off criteria.

Systems Design will notify the Oakridge Fire Department when accounts may need to be sent to collections. The Oakridge Fire Department will follow the collections criteria to determine which accounts are sent to collections.

Timeline: Internal control procedures will be implemented by March 1, 2021.

Deficiency #2

Finding: Errors in government-wide, full accrual entries

During our audit, we identified two errors in the full accrual statements: $32,409 of additional depreciation expense and $32,235 of additional pension and post-employment benefit expense.

Recommendation: We recommend management employ a review process for the full accrual entries to check both the formulas and the mathematical accuracy prior to submitting the documents for audit.
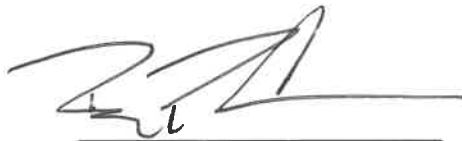
Corrective Action Plan: Worksheet review

Finance Director and account support individual need to review the financial statement spreadsheet worksheet more specifically to ensure formulas are accurate and complete.

Timeline: The errors in the FY 2020 worksheet have been fixed.

Kathy Holston
Mayor

Bryan Cutchen
City Administrator