

OVERVIEW

Contract and Personnel Management Audit of the Emergency Medical Services and Injury Prevention System Branch

Report No. 02-14, October 2002

Summary

The Department of Health, through its Emergency Medical Services and Injury Prevention System Branch, is responsible for the State's comprehensive emergency medical services system. With over \$30 million in state funds allocated for emergency medical services contracts, the Department of Health and its Emergency Medical Services and Injury Prevention System Branch must implement appropriate management controls to ensure that state resources are protected and used effectively and efficiently. Instead, we found that the branch's failure to adequately administer these vital contracts has led to the inappropriate use of state funds and the potential that services were not provided effectively or efficiently.

We also found that the branch violated the Hawaii Public Procurement Code. In 1996, the branch improperly entered into a continuous agreement with a collection agency without going through a competitive award method as required by the code. In addition, the branch violated the code's requirements regarding small purchases when it procured its microfilming services and medical coding services. Finally, we found that the branch did not meet all notice requirements of the procurement code when it procured services for the statewide maintenance of its communication system through a sole source method.

The branch also disregarded sound contracting practices by allowing contractors to render services before contracts were fully and properly executed. We found that the branch's FY2000-01 contract for emergency ambulance services with the City and County of Honolulu was not signed until the last day of the contract period. In addition, its \$17.21 million contract with the City and County of Honolulu for FY2001-02 was not signed until more than *eight months* into the contract period.

We also found that the branch made little effort to monitor the performance of many of its contracts. We found that required reports, including reports on drug utilization and service provision, were missing or unaccounted for. We also found that inadequate contract monitoring resulted in a number of questionable contract expenditures. For example, we found 94 incidents of poor controls over supplies and equipment purchases, totaling \$390,000, under the City and County of Honolulu's FY2000-01 contract. We also found that the City and County of Honolulu inappropriately expended \$400,000 in state funds for certain items without obtaining the required branch approvals. Finally, we found an inordinate number of transmission repairs and/or overhauls performed on ambulances in the City and County of Honolulu's fleet by one vendor—some of which might have been covered by the vendor's warranty on previous work.

We also found that lax controls over the branch's billing process for emergency transport services resulted in revenue loss to the State. We estimated that approximately \$400,000 went uncollected for ambulance services provided by the City and County



of Honolulu during FY2000-01. Even more alarming, we estimate that the State lost approximately \$1 million in uncollected fees for ambulance services provided in Maui, Hawaii, and Kauai counties during the same period. This loss is directly related to the branch's failure to adequately monitor or enforce its contracts for ambulance services, failure to follow proper billing and collection procedures, and failure to monitor the work performance of some branch personnel.

The Department of Health and branch management also neglected their responsibilities over the management of branch employees. We found that the branch failed to adequately document or reconcile branch employees' sick and vacation leaves, resulting in errors that could improperly inflate employee pay, vacation allowance payouts, and retirement allowances. In addition, we found suspicious patterns of sick leave use and excessive employee leave that could negatively impact productivity and employee morale.

Although employee performance reviews are integral to an entity's ability to account for its resources and to achieve effective results, branch employees' performance is not regularly evaluated. The department's personnel officer confirmed that only two branch employees received evaluations since they started work at the branch.

Finally, and of great concern, is the strong potential for workplace violence we found at the branch and the department's complacency in addressing employee concerns about this potential. During the course of our fieldwork, branch personnel reported that an allegedly hostile branch employee exhibited displays of anger that indicated the potential for serious violent behavior. Employees felt that the environment at the branch was "frightening" and "unsafe" and they felt "scared" and "intimidated." Despite these reports, the branch program manager generally believed that the potential for violence did not exist.

Recommendations and Response

We made a number of recommendations to the director of health and the Emergency Medical Services and Injury Prevention System Branch program manager to correct the problems we identified.

In written comments on a draft of our report, the department's director recognized that the need exists for improved contract management for emergency medical services. The director also hopes to remedy the historic delays in executing the ambulance contract with the City and County of Honolulu. The director also reported that the department personnel office would conduct an audit of all branch leave records and that performance appraisals for all staff have been completed. The department also reported that the University of Hawaii Program for Conflict Resolution has conducted mediation among some branch staff and that all staff have undergone workplace violence and anger management training.

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