



DATE: December 14, 2015

TO: Metropolitan King County Councilmembers

FROM: KyMBER WALTMUNSON, King County Auditor

SUBJECT: EMS: 2014 Finances Managed According to Plan; Opportunities to Improve Efficiency

We contracted with Talbot, Korvola, and Warwick (TKW) to conduct a review of the Emergency Medical Services Division's (EMS) 2014 financial activities in August 2015. TKW did not have concerns with 2014 financial balances but did note inefficiencies in financial processing.

EMS managed its 2014 financial activities consistent with the council-adopted financial plan. Based on 2014 financial balances and supporting transactions, TKW found that the reported balances align with EMS's strategic and related financial plans for expected revenues, priorities for allocation of resources, and expected spending levels.

EMS could increase financial processing efficiency by reducing the number of transactions that need manual correction. TKW found that 25 percent of its limited sample of transactions for the financial review were manual corrections of previous transactions. In response to this observation, EMS finance staff conducted a preliminary analysis and estimated that about 17 percent of EMS's approximately 91,000 financial transactions in 2014 were entered manually. They found that most of these manual transactions were to correct payroll entries that were set to default to the wrong funding code. EMS staff is working to rectify the coding problem and expects that the action will greatly reduce the need for manual corrections, thus increasing efficiency for EMS finance staff.

Recommendation I We recommend that Emergency Medical Services Division staff:

- a. analyze the prevalence and causes of manual financial transactions
- b. develop a plan to reduce the rate of corrected transactions
- c. implement the plan and report on the results.

EMS concurs with the recommendation, and has taken action to reduce the number of manual transactions. EMS plans to develop an internal performance measure tracking issues that require corrective entries. Staff will report in 2017 about the results of their 2016 efforts.

Laina Poon, Principal Management Auditor, conducted this review. Brooke Leary, Senior Principal Management Auditor, was the project supervisor. Please contact Laina at 477-1045, or Brooke at 477-1044 if you have any questions about the issues discussed in this letter.

cc: Dow Constantine, King County Executive
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