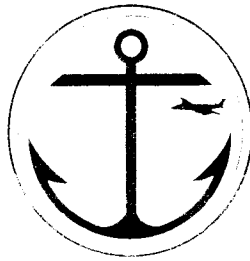


Municipality of Anchorage



P.O. Box 196650
Anchorage, Alaska 99519-6650
Telephone: (907) 343-4438
Fax: (907) 343-4370
http://www.ci.anchorage.ak.us

Rick Mysterom, Mayor

OFFICE OF THE INTERNAL AUDITOR

August 16, 1999

Internal Audit Report 99-07 Sexual Assault Response Team Contract With Columbia Alaska Regional Hospital Anchorage Police Department

Introduction. The Anchorage Police Department (APD) entered into a contract with Columbia Alaska Regional Hospital (Contractor) to establish the Sexual Assault Response Team/Sexual Assault Nurse Examiners (SART/SANE) Program to perform sexual assault examinations and testify in court when necessary. The Contractor was required to provide separate facilities, equipment and personnel. The contract was effective September 19, 1996, through September 15, 1997, and contained two one-year options effective through September 15, 1999. The original amount of the contract was not to exceed \$99,760.00, with two option years. The contract was amended the second year to increase the amount to \$140,000.00 per year. The amount spent on the contract through June 30, 1999, was \$234,385.00. The contract has provided services for 351 victims as follows:

	Nov. 1996 - Dec. 1997	1998	Jan. 1999 - May 1999	Total
Total Cases	171	136	44	351
Brought in by APD	157	123	42	322
Brought in by Alaska State Troopers	5	3	2	10
Brought in by Others	9	10	0	19
No Exam/Evidence Collect	23	17	6	46
Physician Notified	33	21	0	54
Treated in Emergency Room	27	13	3	43
Mean Length of Exam-Hours	3.76	3.21	3.12	3.36

Scope. The objective of this audit was to determine compliance with the contract including contract administration. The audit was conducted in accordance with generally accepted government auditing standards, except for the requirement of an external quality control review, and accordingly, included tests of accounting records and such other auditing procedures as we considered necessary in the circumstances. The audit was performed during the period of June 1999. The audit was requested by the Chief of Police as part of the 1999 Audit Plan.

Overall Evaluation. The Contractor's SART/SANE unit was meeting contract requirements in a commendable manner. The required clinic offices were located to provide the maximum amount of privacy and were properly equipped as required by the contract. Nursing staff was properly scheduled to provide the required coverage and appeared to be well-trained and motivated. However, payments were not being made in accordance with the contract, the contract contained conflicting provisions, and the contract was not properly administered.

Management Overall Comments. Management stated, "This audit was conducted at the request of the Anchorage Police Department. The SART/SANE contract expires on September 15th, 1999, and we are anxious to make any changes that will enhance the services provided, as well as improve administrative practices."

FINDINGS AND RECOMMENDATIONS

1. Payments Not Being Made in Compliance with Contract.

- a. Finding.** Payments to the Contractor were not made in accordance with contract requirements. Payments for the period of September 16, 1997, through September 15, 1998, included items that were not allowable expenses per the contract. These items were for overhead and employee benefits and totaled \$25,722. In addition, payments for the first extension were not made in four quarterly payments as

required. Instead, two payments were made, one for \$105,000 and the other for \$29,650. No payments have been made as of July 15, 1999, for the second extension period which runs from September 16, 1998, to September 15, 1999.

b. **Recommendation.** The contract administrator should ensure that payments are made in compliance with the contract. Invoiced items that are not allowable per the contract should be questioned and not paid. In addition, payments should be made per the terms of the contract.

c. **Management Comments.** Management stated, "APD is now reviewing all billing statements and allowable costs. In the Contractor's response to the Request For Proposal, a budget was provided that outlined in general terms what the personnel/salary costs covered. The Contractor did not specifically indicate that they would be charging for overhead and/or benefits, and did not include these charges as separate line items in their estimated total cost of contract performance.

"When brought to APD's attention, scheduled payments for the second extension year were brought current. APD's Accounting Clerk was unaware that the method of payment had changed between the first and second year of the contract. Full payment was made to the contractor for the first extension year."

d. **Evaluation of Management Comments.** Management comments were responsive to the audit finding and recommendation.

2. **The Contract Contained Conflicting Provisions.**

a. **Finding.** The contract contained conflicting provisions with regards to the contract budget requirements and payment procedures. The contract stated that the Contractor

shall not make expenditures other than as provided in line items in the contract budget. However, the contract did not include a budget. The proposal submitted by the Contractor, which was incorporated in the contract, did contain a budget based on startup costs for 70 rape exams a year and stated that, "Any further costs for recruitment or supplies should volumes be more than the estimated 70 per year will be absorbed by the hospital." The original contract required the Contractor to present a bill to the Administrator documenting expenses and fees. However, the two subsequent contract amendments revised the payment clause to provide three quarterly payments of \$35,000 with the fourth quarterly payment to be reimbursement for expenses incurred and not covered by the first three payments. The requirement for a contract budget was still in effect, however, a revised budget was still not included. Our review of the payments made by the Administrator revealed that invoiced amounts were paid without question.

- b. Recommendation.** APD should exercise more care when preparing and negotiating contracts for professional services. Specifically, payment clauses should be clear and consistent in the original contract and subsequent amendments.
- c. Management Comments.** Management stated, "Draft wording in the new contract proposal will specify that payments be made only when bills are presented for work actually performed in accordance with contract terms. There is no corporate recollection of why the contract was written to pay set amounts during the contract period (Part 1, Section 4B), and then also required the Contractor to present a bill at the conclusion of each phase of work for which payment is due (Part 1, Section 4C). Presumably these would be different amounts. APD will seek a final bill at the end of the contract period, September 15, 1999, and reconcile this bill against payments that have already been made and determine the final amount remaining to be paid."

- d. **Evaluation of Management Comments.** Management comments were responsive to the audit finding and recommendation.

3. **Contract Administration Required Improvement.**

- a. **Finding.** Contract administration of the SART/SANE contract required improvement. No one individual had been assigned the duties of contract administrator over the duration of the contract. The individual who coordinated the extension of the contract for the first option year did not process the amendment to extend the contract and increase the price. Payments were made by individuals in Fiscal Management who did not have a copy of the contract. We also did not find any evidence that monitoring of the Contractor's performance had been performed or that invoices were reviewed to ensure they met the terms of the contract. However, our review of the Contractor's operation revealed satisfactory performance regarding the requirements of the contract.
- b. **Recommendation.** The Chief of Police should appoint a contract administrator for the SART/SANE contract. The administrator should ensure that the requirements of the contract are being met and that payments are made to the Contractor as specified in the contract. This individual should also maintain all documentation concerning the contract to include records of monitoring visits, Contractor invoices, payments and amendments to the contract, if any.
- c. **Management Comments.** Management stated, "Administration of this contract has now been assigned to APD's Resource Manager."
- d. **Evaluation of Management Comments.** Management comments were responsive to the audit finding and recommendation.

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Discussion With Responsible Officials. The results of this audit were discussed with appropriate Municipal officials on July 16, 1999.

Audit Staff:
Guy M. Bailly