

**State of Delaware  
Office of Auditor of Accounts**

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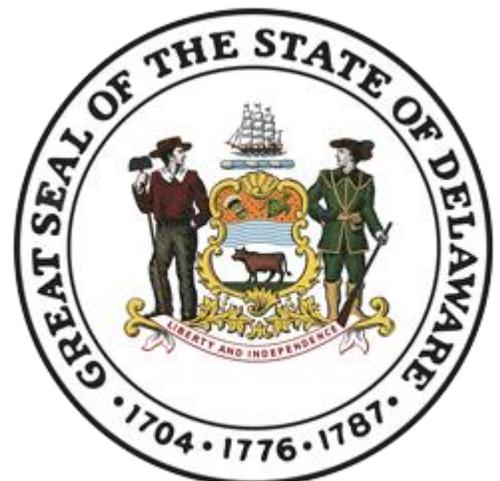
**Department of Health & Social Services  
Paramedic Reimbursements  
Agreed-Upon Procedures Engagement**

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**Fiscal Year Ended June 30, 2010**

**Fieldwork End Date: February 24, 2012  
Issuance Date: February 28, 2012**

R. Thomas Wagner, Jr., CFE, CGFM, CICA  
Auditor of Accounts



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STATE OF DELAWARE  
**OFFICE OF AUDITOR OF ACCOUNTS**

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Independent Accountant's Report  
on Applying Agreed-Upon Procedures

The Honorable Rita Landgraf  
Secretary  
Department of Health and Social Services  
1901 North DuPont Highway  
New Castle, DE 19720

We have performed the procedures enumerated below, which were agreed to by you, solely to assist the specified parties in evaluating compliance with 16 Del. C. §9814. Management is responsible for their agency's compliance with those requirements for the period July 1, 2009 through June 30, 2010.

This agreed-upon procedures engagement was performed in accordance with *Government Auditing Standards*, issued by the Comptroller General of the United States and the attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of management of the Department of Health and Social Services. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Our procedures and results were as follows:

**Procedure 1:** Obtain Office of Emergency Medical Service's (OEMS) policies and procedures regarding expenditures and reimbursements and review for adequacy by identifying and testing the key control strengths to verify they are operating effectively, and identifying and documenting control weaknesses.

We obtained OEMS's policies and procedures and reviewed for adequacy.

**Results:** Our procedures disclosed the following:

OEMS's policies and procedures for the paramedic program do not adequately define appropriate roles and responsibilities for approving budget and reimbursement packages, defining allowable operating expenditures, or performing and reviewing detailed reconciliations of the approved Grant-in-Aid funding.

**Status of Prior Recommendation:** In the prior year report, OEMS did not maintain sufficient documentation to support a reconciliation of the Grant-in-Aid account for the appropriations and disbursements made. Based on the results of the current year procedures, a corrective action plan has not been implemented.

**Summary of Auditee Response<sup>1</sup>:** Effective July 1, 2012, the Paramedic Grant-in-Aid Policies and Procedures will address the roles and responsibilities for reviewing budgets and approving reimbursement packages, and define allowable operating costs. In addition, OEMS has since hired a Management Analyst II who will be responsible for reconciling the Grant-in-Aid account.

**Procedure 2:** Obtain and review the Fiscal Year 2010 budget submission documents for Sussex, Kent, and New Castle counties and ensure that they are in compliance with OEMS's applicable policies and procedures and the Delaware Code.

We obtained the budget review packages for all three counties. During our review, we determined if each county submitted their budget to the OEMS by September 1, 2009, and if it was subsequently reviewed by OEMS and the Office of Management and Budget (OMB). We also confirmed that the budget submission documents included all of the appropriate information as detailed in OEMS's policies and procedures and the Delaware Code.

**Results:** Our procedures disclosed the following:

All three counties failed to submit their Fiscal Year 2010 Budgets by September 1, 2009, as required by OEMS. There was also no evidence supporting OEMS and OMB's review and approval of the budget packages.

While New Castle County and Sussex County's budget packages included variance percentages compared to the prior fiscal year, they did not explain variances greater than 2%. Kent County attempted to provide explanations of differences for line items, but failed to provide a calculation of the difference between the budgeted figures and the prior fiscal year.

The budget submission packages for New Castle County and Kent County included details about new initiatives and new hires, but the costs associated with these initiatives were not easily identifiable to the reviewer. The budget submission package for Sussex County included details about new initiatives and new hires, but did not include information about the costs associated with these initiatives.

All three counties did not include a calculation of minimum paramedic staffing hours.

**Status of Prior Recommendation:** In the prior year report, all three counties failed to submit their budget packages by the required deadline. In addition, the budget packages were incomplete and did not contain evidence of review. Based on the results of the current year procedures, a corrective action plan has not been implemented.

**Summary of Auditee Response:** Beginning in August 2010, the Management Analyst II now works with the counties to coordinate timely receipt of the budget packages. Emails are sent to each county, OMB, and Division of Public Health management to confirm and document budget meeting dates. In addition, OEMS implemented a sign-in sheet procedure for the Fiscal Year 2012 meeting.

Budget package procedures have been modified to now require current and requested budget year comparisons and an explanation for any line item variance that is greater than 10% to be submitted along with the budget request. After review of the budget, OEMS may follow up with the counties for line items that are deemed to need additional justification.

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<sup>1</sup> DHSS's responses can be viewed, in their entirety, at Appendix A.

Effective July 1, 2012, OEMS will require the counties to include approved paramedic staffing hours in the reimbursement packages.

**Procedure 3:** Obtain and review the last two quarterly reimbursement packages received for Fiscal Year 2010 for each county and ensure they are in compliance with OEMS's applicable policies and procedures.

We obtained reimbursement packages for the third and fourth quarters of Fiscal Year 2010 for each county and reviewed for compliance with OEMS's policies and procedures. Total amounts reimbursed to the counties were \$2,029,964.29 for the third quarter and \$2,595,739.02 for the fourth quarter. We also verified that the counties were reimbursed a maximum of 30% of their total operational cost for paramedic services, and the amount reimbursed per each package agreed to the amount paid per the State's accounting system. Finally, we verified that each county's reimbursement package was reviewed and approved by the Paramedic Administrator and reimbursed to the county timely.

**Results:** Our procedures disclosed the following:

All of the reimbursements reviewed were paid within 30 days of the invoice date, with the exception of one reimbursement to New Castle County that was paid 37 days after the invoice date.

All of the quarterly reimbursement packages contained all the necessary documentation.

**Status of Prior Recommendation:** In the prior year report, 9 out of 12 reimbursements reviewed were not paid within 30 days of the invoice date, and none of the reimbursement packages contained all the necessary documentation. Based on the results of the current year procedures, a corrective action plan has been partially implemented.

**Summary of Auditee Response:** OEMS is making every effort to process payment within 30 days of receipt of invoices. When there is a delay in payment, notes are now kept with the invoices.

**Procedure 4:** Select a random sample of 40 expenditures from the last two quarters for each county for Fiscal Year 2010. Obtain supporting documentation for the selected expenditures and determine if the reimbursements were for approved Advanced Life Support Services.

We obtained a random sample of 40 expenditures from the last two quarters for each county for Fiscal Year 2010 and reviewed to determine if they were reasonable operating expenses for approved Advanced Life Support Services. When reviewing Sussex County's expenditures, an additional 14 expenditures were examined due to the description of the transactions. Reviewed reimbursements totaled \$12,401.36, \$7,918.30, and \$14,919.59 for New Castle County, Kent County and Sussex County, respectively.

**Results:** Our procedures disclosed the following:

All expenditures reviewed contained adequate support and were for reasonable operating expenditures, except for four expenditures reimbursed to Sussex County. The invalid expenditures totaled \$135.30, of which the county was reimbursed \$40.59, for the purchase of bagels, muffins, coffee, ribbons, and supplies to host a grand opening of a paramedic station in January 2010.

**Status of Prior Recommendation:** Per the prior year report, Sussex County was reimbursed on two separate instances, once for \$80.13 and again for \$378.14, for expenditures that were not deemed direct operating costs. Based on the results of the current year procedures, a corrective action plan has not been implemented.

**Summary of Auditee Response:** Effective July 1, 2012, the Paramedic Grant-in-Aid Policies and Procedures will be updated to define allowable operating costs.

**Procedure 5:** Obtain the Fiscal Year 2010 hours and staff level tracking documentation maintained by OEMS and verify each county is in compliance with the minimum requirements as specified in the Delaware Code.

We requested the hours and staff level tracking documentation maintained by OEMS and agreed the hours maintained by OEMS to the hours reported by each county in their reimbursement packages. We also determined if each county was in compliance with the minimum hours and staff level requirements as set forth in the Delaware Code. According to the Delaware Code, Sussex County is required to have a minimum of 87,600 hours per year, Kent County is required to have a minimum of 52,560 hours per year, and New Castle County is required to have a minimum of 122,640 hours per year. Each paramedic unit is required to be continuously staffed by two paramedics.

**Results:** Our procedures disclosed the following:

All counties were in compliance with the minimum hour requirements set forth in the Delaware Code, and all hours for the third and fourth quarters of Fiscal Year 2010 tracked by OEMS agreed to the personnel sheets in the reimbursement packages submitted by each county.

We found no documentation indicating that OEMS is ensuring that all paramedic units are continuously staffed by two paramedics.

**Status of Prior Recommendation:** Per the prior year report, all of the counties failed to submit documentation pertaining to the hours and staff levels for each unit, preventing OEMS from properly monitoring the minimum hours and staff level requirements. Based on the results of the current year procedures, a corrective action plan has been partially implemented.

**Summary of Auditee Response:** Effective July 1, 2012, the counties will be required to notify OEMS in writing if an Advanced Life Support agency is not providing the minimum paramedic coverage. In addition, the counties will be required to notify OEMS if the Advanced Life Support agency is providing additional service hours beyond the minimum service hours required.

We were not engaged to, and did not conduct an audit, the objective of which would be the expression of an opinion on compliance with specified laws. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

R. Thomas Wagner, Jr., CFE, CGFM, CICA  
Auditor of Accounts

February 24, 2012

## Appendix A



DELAWARE HEALTH AND SOCIAL SERVICES

Division of Public Health

Emergency Medical Services and Preparedness Section

### Response to Paramedic AUP Audit Summary of Recommendations

The Paramedic Grant in Aid system provides the necessary funding assistance needed to the three (3) county paramedic agencies so that the level of coverage and care remain consistent throughout the state. The Paramedic Grant in Aid covers operating costs as defined in the Grant in Aid policy as “those costs, expenses and disbursements of which the County incurs pays or becomes obligated to pay during the fiscal year in connection with the provision, operation and maintenance of the County Paramedic Services”. The counties have in the past and continue to operate within the parameters of the Grant in Aid requirements, including managing their staffing hours and overall costs to remain within budget.

The paramedic services are staffed 356 days a year, 24 hours a day, without exception. In total, the ALS agencies had over 66,600 requests for service in 2010 with a field staff of approximately 250 personnel. The coverage area is a total of 1,982 square miles and a fractal response time of 10 minutes was achieved 80percent of the time. In order to provide this type of coverage, staffing must be kept at a minimum of currently existing levels and deployment locations must continue to be spread throughout the response areas.

The operational requirements of such a complex service have many facets that require significant resources to ensure continued readiness. As such, redundancy is often a necessary requirement to achieve this level and should not be looked upon as excessive or wasteful.

#### **Procedure 1 Response:**

The Office of Emergency Medical Services (OEMS) has updated the Paramedic Grant-in-Aid Procedure to address the roles and responsibilities for reviewing budgets and approving reimbursement packages, and define allowable operating cost. This policy should go into effect on July 1, 2012.

In addition, In March 2010 OEMS hired a Management Analyst II who is responsible for reviewing and reconciling paramedic payments to the available funds in DFMS and FSF, document the reconciliation on an Excel spreadsheet, and submit to the Emergency Medical Services and Preparedness Section Manager of Support Services for review.

#### **Procedure 2 Response:**

Beginning if August 2010, counties are now contacted by Management Analyst II, prior to September submission deadline, to inform them that they must submit their budgets to the Paramedic Administrator by September 1. If budget package cannot be submitted by that time, counties are required to send an email to the Paramedic Administrator by the September submission deadline stating why the package will be late and an anticipated submission date.

Emails are also sent to each county, OMB and DPH management to schedule and confirm budget meeting dates. OEMS implemented a sign-in sheet procedure for FY2012 meeting.

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DELAWARE HEALTH AND SOCIAL SERVICES

Division of Public Health

Emergency Medical Services and Preparedness Section

Budget packages were modified and now require current and requested year budget comparisons and an explanation for any line item variance that is greater than 10% to be submitted along with the budget request. In addition, after review of the budget, OEMS emails questions to the counties for line items that are deemed to need additional justification, regardless of the budget variance percentage.

Finally, The Office of Emergency Medical Services (OEMS) has updated the Paramedic Grant-in-Aid Procedure to include approved paramedic staffing hours. Counties will no longer be required to submit these hours as a part of the budget package, but are required to submit the paramedic hours in their reimbursement packages. This policy should go into effect on July 1, 2012.

***Procedure 3 Response:***

OEMS processes payment in accordance to with the State Budget and Accounting Manual, making every effort to process payment within 30 days of receipt of invoices. All invoice packages are documented upon receipt. Vouchers are created and submitted for processing prior to the 30 day deadline except in cases where additional documentation is needed. When there is a delay in payment, notes are now kept with the invoice.

***Procedure 4 Response:***

The Office of Emergency Medical Services (OEMS) has updated the Paramedic Grant-in-Aid Procedure to define allowable operating cost. This policy should go into effect on July 1, 2012.

***Procedure 5 Response:***

If for any reason a county ALS agency is not providing the minimum paramedic coverage, the ALS agency is responsible for notifying the State EMS Director, the State EMS Medical Director and the Paramedic Administrator in writing (via email is preferred) as soon as practical. Also, if for any reason a county ALS agency is providing additional service hours beyond the minimum service hours, the State EMS Director and Paramedic Administrator are to be notified in writing as soon as practical. This mandate is also addressed in the updated Paramedic Grant-in-Aid Procedure to be implemented on July 1, 2012.

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