

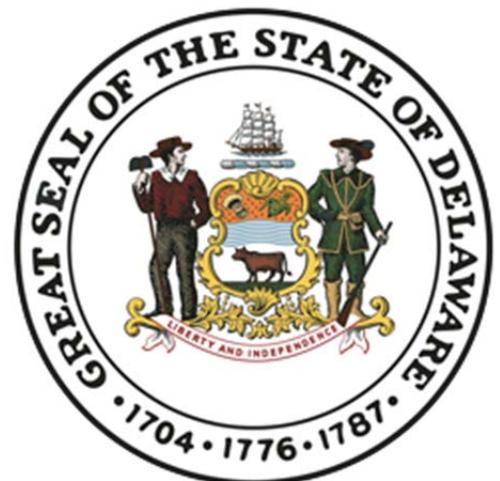
**State of Delaware
Office of Auditor of Accounts**

**Paramedic Reimbursements
Agreed-Upon Procedures Engagement**

**Fiscal Years Ended
June 30, 2015 and 2016**

Report Issued: January, 12, 2017

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



Background

Title 16, Chapter 98 of the Delaware Code establishes a statewide paramedic program (the Program) under the direction of the Office of Emergency Medical Services (OEMS), Division of Public Health, Department of Health and Social Services.¹

The Program is responsible for providing rapid emergency medical services to individuals who become ill or incapacitated and are in need of highly skilled medical assistance either at the scene of a medical emergency or while the patient is in transit to a health facility.² According to the Delaware Emergency Medical Services Oversight Council 2015 Annual Report, “[OEMS] ensures the quality of emergency care services, including trauma and prehospital advanced life support (ALS)³ capabilities, through the coordination and evaluation of the emergency medical services system.”

Although Paramedic units are a part of county government in Delaware, OEMS is responsible for the coordination of training, certification, financing, and oversight of the State’s paramedic system.⁴ OEMS provides Grants-in-Aid (GIA) funds to New Castle, Kent, and Sussex Counties on a reimbursement basis of 30 percent of each county’s total operational⁵ costs for paramedic services.⁶ The remainder is paid by the respective county government. The annual GIA Bills, passed by the Delaware General Assembly, for the Fiscal Years Ended June 30, 2015⁷ (Fiscal Year 2015) and 2016 (Fiscal Year 2016),⁸ appropriated \$10,243,504 and \$8,410,073, respectively, to the Program.

The annual GIA Bills give AOA its audit authority. The GIA Bills for Fiscal Years 2015 and 2016 state the following: “[OEMS] shall have an audit performed by the State Auditor annually to insure that reimbursement to the counties for the State share of costs was for approved Advanced Life Support Services. Adjustments shall be made to the final quarterly reimbursement based on the audit results.”

Findings from previous engagements performed by the Office of Auditor of Accounts (AOA) included county budget submission documents that were not submitted timely and did not contain all of the required information, lack of adequate explanation of budget variances greater than 10%, and a lack of supporting documentation for the Counties’ direct operating costs.

¹ 16 Del. C. §9801 (a)

² 16 Del. C. §9801 (b) and (c)

³ 16 Del C. §9702 (2) defines ALS as, “...the advanced level of prehospital and interhospital emergency care that includes basic life support functions including cardiopulmonary resuscitation, plus cardiac monitoring, cardiac defibrillation, telemetered electrocardiography, administration of antiarrhythmic agents, intravenous therapy, administration of specific medications, drugs and solutions, use of adjunctive medical devices, trauma care and other authorized techniques and procedures.”

⁴ Delaware Emergency Medical Services Oversight Council 2015 Annual Report

⁵ OEMS’ *Paramedic Grant in Aid Procedural Guidelines* defines operational costs as those expenses “...in connection with the provision, operation, and maintenance of the County Paramedic Services.” Examples of these costs include wages, supplies and materials, utility costs, equipment maintenance, and debt service.

⁶ 16 Del C. § 9814 (d) and (e)

⁷ Senate Bill No. 266 of the 147th General Assembly

⁸ House Bill No. 230 of the 148th General Assembly

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Abbreviations:

AOA	Office of Auditor of Accounts
DHSS	Department of Health and Social Services
GAS	Government Auditing Standards
GIA	Grants-in-Aid
OEMS	Office of Emergency Medical Services



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Independent Accountant's Report
on Applying Agreed-Upon Procedures

To the Specified Parties of the Report:

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

Mr. Collin Faulkner
Director, Department of Public Safety
Kent County
911 Public Safety Blvd.
Dover, DE 19901

Mr. Lawrence Tan
Chief, Emergency Medical Services Division
New Castle County
3601 N. DuPont Highway
New Castle, DE 19720

Mr. Robert Stuart
Director, Emergency Medical Services
Sussex County Emergency Medical Services
P.O. Box 589
Georgetown, DE 19947

We have performed the procedures enumerated below, which were agreed to by the Office of Auditor of Accounts (AOA) and the Department of Health and Social Services (DHSS), and as defined within the applicable laws of the State of Delaware (the State) for the period July 1, 2014 through June 30, 2016. The procedures were performed solely to assist the specified parties in evaluating compliance with the criteria listed in each procedure below. Each county's management is responsible for their county's compliance with those requirements for the engagement period. DHSS management is responsible for the distribution of the paramedic reimbursements in accordance with 16 Del. C. §9814.

This agreed-upon procedures engagement was performed in accordance with *Government Auditing Standards* (GAS) issued by the Comptroller General of the United States and the attestation standards established by the American Institute of Certified Public Accountants that have been incorporated by GAS. The sufficiency of these procedures is solely the responsibility of the specified parties. 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: Obtained the budget submission documents for all counties for the State Fiscal Years Ended June 30, 2015 and June 30, 2016 (Fiscal Year 2015 and Fiscal Year 2016, respectively) and ensured they were submitted to the Office of Emergency Medical Services (OEMS) Paramedic Administrator by September 1 of each year as established by 16 Del. C. §9814 (i).

Results: Table 1 below shows the budget submission documents submitted by September 1 of each year.

Table 1: Budget Submission Documents Submitted by September 1		
County	Fiscal Year 2015	Fiscal Year 2016
New Castle	No	Yes
Kent	No	No
Sussex	No	Yes

Procedure 2: Reviewed the budget submission documents for the following items as required by Section 3 of the OEMS *Paramedic Grant in Aid Procedural Guidelines*:

- a. A projected total for the budget and the percent change from the previous fiscal year. (Any line item budget variances greater than 10% from the previous fiscal year must be explained in detail and justified.)
- b. Description of new projects or initiatives along with the costs associated.
- c. Itemized line items to show the portion that will be the responsibility of the State and the County pursuant to 16 Del. C. §9814.

Results: Table 2 below details the budget submission documents which were complete in accordance with items a., b., and c. above, and those with exceptions.

Table 2: Budget Submission Documents Complete						
County	Fiscal Year 2015			Fiscal Year 2016		
	Item a.	Item b.	Item c.	Item a.	Item b.	Item c.
New Castle	Yes	Yes	Yes	Yes	Yes	No (E)
Kent	No (A)	Yes	Yes	Yes	Yes	Yes
Sussex	No (B)	Yes	No (C)	No (D)	Yes	Yes

Notes:

Fiscal Year 2015

- (A) Kent County did not provide an explanation for three variances over 10%
- (B) Sussex County did not provide an explanation for one variance over 10%.
- (C) Sussex County did not show the portion that would be the County’s responsibility pursuant to 16 Del. C. §9814.

Fiscal Year 2016

- (D) Sussex County did not provide an explanation for one variance over 10%.
- (E) New Castle County did not show the portion that would be the County’s responsibility pursuant to 16 Del. C. §9814.

Procedure 3: From each county, obtained confirmation of total paramedic expenditures and State reimbursements received for Fiscal Years 2015 and 2016.

- a. Agreed the county’s reimbursement amounts to the State’s accounting system, First State Financials.
- b. In support of 16 Del. C. §9814 (d) which states, “The General Assembly shall appropriate annually an amount sufficient to reimburse 30 percent of approved costs of the statewide paramedic program...,” verified total reported State reimbursements were not more than 30 percent of the total reported fiscal year paramedic expenditures.

Results: We found no exceptions as a result of applying these procedures. The reimbursement amount, confirmed by each county, agreed to the amount recorded in the State’s accounting system. All State reimbursements paid to each county, over the period reviewed, were not greater than 30% of the approved costs of the statewide paramedic program.

Procedure 4: Reviewed the reimbursement packages for the quarters ended June 30, 2015 and March 31, 2016, for each county for the following items as required by Section 6 of the OEMS *Paramedic Grant in Aid Procedural Guidelines*:

- a. Agreed the amount reimbursed by the State to the cover sheet or invoice submitted by the county and to the Line Item Summary of Expenditures.
- b. Ensured each reimbursement package contained a letter from the Chief Financial Officer of each county stating that the expenditures listed on the report have been reconciled with the county’s official accounting records and a statement that “...expenditures are for direct operating expenses.”

Results: We found no exceptions as a result of applying these procedures. The State reimbursement agreed to each county's invoice and summary of expenditures for the quarters ended June 30, 2015 and March 31, 2016. Also, each reimbursement package reviewed contained the required certification letter from the Chief Financial Officer.

Procedure 5: Randomly selected 20 expenditures from each reimbursement package for the quarters ended June 30, 2015 and March 31, 2016. Reviewed supporting documentation for the selected expenditures to determine if they were for “...direct operating costs or as debt service and financing for bond issuance...” for the statewide paramedic system per 16 Del. C. §9814 (e).

Results: We found no exceptions as a result of applying these procedures. For each county, we randomly selected 18 non-payroll expenditures and 2 pay periods’ expenditures per quarter. The totals of the populations and samples for each county are detailed in Tables 3 and 4. All expenditures selected for review were considered direct operating expenses and allowable per 16 Del. C. §9814 (e), as interpreted by OEMS in their *Paramedic Grant in Aid Procedural Guidelines*.

Table 3: Expenditure Testing – Fiscal Year 2015				
County	Total Payroll Sample	Total Non-Payroll Sample	Total Amount Sampled and Reviewed	Total Population
New Castle	\$ 1,030,068	\$ 32,084	\$ 1,062,152	\$ 5,063,220
Kent	265,176	2,469	267,645	1,364,796
Sussex	336,444	4,330	340,774	4,237,556
Total	\$ 1,631,688	\$ 38,883	\$ 1,670,571	\$ 10,665,572

Table 4: Expenditure Testing – Fiscal Year 2016				
County	Total Payroll Sample	Total Non-Payroll Sample	Total Amount Sampled and Reviewed	Total Population
New Castle	\$ 1,082,928	\$ 8,795	\$ 1,091,723	\$ 3,891,466
Kent	274,279	44,368	318,647	1,263,860
Sussex	735,761	5,636	741,397	3,357,208
Total	\$ 2,092,968	\$ 58,799	\$ 2,151,767	\$ 8,512,534

We found two instances totaling \$128.96 where New Castle County purchased food. The OEMS *Paramedic Grant in Aid Procedural Guidelines* states that reimbursement "...generally precludes non-operational items such as: food... without prior approval from [OEMS]." AOA confirmed with OEMS that these food items were approved in advance for reimbursement.

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.

This report is intended solely for the information and use of DHSS and the Emergency Medical Services Directors of New Castle, Kent, and Sussex Counties. It is not intended to be, and should not be, used by anyone other than these specified parties. However, under 29 Del. C. §10002(1), this report is a public record and its distribution is not limited. This report, as required by statute, was provided to the Office of the Governor, the Office of the Controller General, the Office of the Attorney General, and the Office of Management and Budget.

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

January 12, 2017