

**LORD FAIRFAX EMERGENCY
MEDICAL SERVICES COUNCIL, INC.
Winchester, Virginia**

**AGREED-UPON PROCEDURES
June 30, 2008**

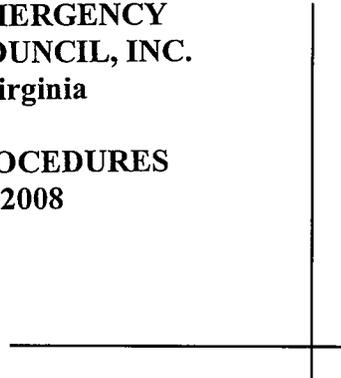


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**Independent Accountant's Report
on Applying Agreed-Upon Procedures**

Virginia Department of Health
Office of Emergency Medical Services
Richmond, Virginia

We have performed the procedures enumerated in Attachment I for the year ended June 30, 2008, which were agreed to by the Virginia Department of Health, Office of Emergency Medical Services (Virginia Department of Health) solely to assist you in evaluating certain information for Lord Fairfax Emergency Medical Services Council, Inc. (LFEMS). The management of LFEMS is responsible for the accuracy and completeness of the reported information. This Agreed Upon Procedures engagement was conducted in accordance with the attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the Virginia Department of Health. Consequently, we make no representations regarding the sufficiency of the procedures enumerated in Attachment I either for the purpose for which this report has been requested, or for any other purpose.

Findings noted as a result of the procedures performed are described in Attachment I and Exhibits I - III.

We were not engaged to, and did not, conduct an audit, the objective of which would be the expression of an opinion on the reported information. 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 the Virginia Department of Health, Office of Emergency Medical Services and Lord Fairfax Emergency Medical Services Council, Inc., and is not intended to be and should not be used by anyone other than these specified parties.

Clifton Gunderson LLP

Glen Allen, Virginia
July 9, 2009

**Virginia Department of Health
Office of Emergency Medical Services**

**Agreed-Upon Procedures and Findings at
Lord Fairfax Emergency Medical Services Council, Inc.**

Attachment I

	Procedures	Findings
	Financial Statements	
1.	Obtain financial statements of applicable Regional EMS Council.	We obtained the June 30, 2008 audited financial statements for Lord Fairfax Emergency Medical Services Council, Inc (LFEMS).
2.	Determine if the financial statements were audited by an Independent Certified Public Accountant.	We determined the June 30, 2008 financial statements of LFEMS were audited by the independent certified public accounting firm Government & Non-Profit Audit Group, PLC.
3.	Determine whether any fraud, waste, questioned costs, or material weaknesses were reported.	We reviewed the June 30, 2008 audited financial statements and related auditors' reports contained therein and noted no reported fraud, waste, questioned costs, or material weaknesses.
	Cash	
4.	Obtain an understanding of the nature of the cash accounts.	We obtained an understanding of the nature of all cash accounts and noted nothing unusual.
5.	Compare cash balances for the current and prior year and explain any significant variances or absence of expected changes.	We compared the cash balances and obtained explanations for significant variances or absence of expected changes greater than \$2,266 (ISI). See Exhibit I.
6.	Confirm bank balances, including time deposits and certificates of deposit. Agree confirmed balances to bank reconciliations at year-end.	We confirmed balances for cash accounts and certificates of deposit held at BB&T and Summit Community Bank. All confirmed cash account balances agree to bank reconciliations at year-end.

7.	<p>Obtain copies of the primary account bank reconciliations.</p> <ol style="list-style-type: none"> a. Compare balance to the bank statement. b. Test the clerical accuracy of the reconciliation. c. Review the nature and extent of significant reconciling items to ensure they cleared the bank. d. Scan the reconciliation for amounts that may have been plugged to make the reconciliation balance. e. Inspect significant deposits slips returned with the subsequent month's bank statement to identify deposits that were made prior to month end but did not clear until after month end. 	<p>We obtained the cash reconciliation as of June 30, 2008 for the BB&T and Summit Community Bank accounts, and applied the procedures noted in the adjacent column.</p> <ol style="list-style-type: none"> a. Cash balances per bank statements agreed to reconciliations. b. Reconciliations were footed and recalculated and determined to be clerically accurate. c. All significant reconciling items (defined as those greater than ISI) cleared the accounts by the subsequent month (July 2008). d. There were no amounts plugged to make the reconciliation balance. e. Lord Fairfax EMS Council does not receive copies of its deposit slips with their monthly account statements from either bank. The first significant deposit noted on the July 2008 bank statement was dated July 23, 2008. As a result, no deposits in transit as of June 30, 2008 were noted.
Property and Equipment		
8.	<p>From the property inventory, select a sample of equipment for review and determine whether the equipment is located at the site identified in the inventory.</p>	<p>We selected a sample size of three (3) equipment items from Lord Fairfax EMS Council's Property and Equipment Schedule. The sample size was based on all assets (excluding additions and disposals in the current year) greater than ISI. We noted all selected items were located in Lord Fairfax EMS Council's possession.</p>

9.	Select a sample of recent purchases and determine whether the inventory is accurately updated on the basis of new acquisitions.	We selected a sample size of one (1) recent purchase from Lord Fairfax EMS Council's Property and Equipment Schedule as of June 30, 2008. The sample size was based on a population of all purchases made in the current year greater than ISI. We noted the selected item was accurately updated on the Depreciation Report.
10.	Obtain a list of equipment disposed and select a sample to determine whether the equipment was properly disposed of.	During the year ended June 30, 2008, there were no assets disposed.
Accounts Payable		
11.	Obtain a detailed schedule of Accounts Payable as of June 30 and reconcile to the financial statements.	We obtained a detailed schedule of Accounts Payable as of June 30, 2008 in the amount of \$3,533 and noted that it did reconcile with the financial statements.
12.	Select a sample of items representing at least 10% of the total balance and obtain invoice, contract or other supporting documentation for propriety and cut-off.	We selected two items in the amount of \$2,843 from the schedule of Accounts Payable obtained in procedure #11, which represented 80% of the total balance of Accounts Payable as of June 30, 2008. We obtained supporting documentation for the selected item and noted; (1) that it was billed to Lord Fairfax EMS Council and (2) it was attributable to goods and services provided prior to June 30, 2008.
13.	Obtain the cash disbursements register for the two months after year end and examine significant subsequent disbursements to include review of invoices to ensure the expense was recorded in the proper period.	We obtained the Cash Disbursements Journal for the period July 1, 2008 through August 31, 2008 and selected a sample size of nine (9) significant subsequent disbursements, as defined as cash disbursements greater than ½ of ISI. We examined the selection of subsequent disbursements against the supporting documentation and noted that all disbursements tested were recorded in the proper period.

Revenues and Expenses		
14.	Compare revenue amounts by financial statement line item per the audited/reviewed financial statements and obtain an explanation for any significant changes.	We compared revenue amounts by line item per the audited financial statement and obtained explanations for significant changes greater than ISI. See Exhibit II.
15.	Obtain an understanding of the nature of expense balances.	We obtained an understanding of the nature of expense accounts and noted nothing unusual.
16.	Compare expense balances for the current and prior year and explain any significant variations or absence of expected changes.	We compared expense balances and obtained explanations for significant variations or absence of expected changes greater than ISI. See Exhibit III.
17.	Select a sample of 25 transactions from different expense accounts for review. Test the transactions to determine allowability and to detect instances of fraud, waste, abuse, or any other illegal acts. Obtain original invoice and purchase order (if applicable) and determine whether goods or services ordered were consistent with goods and orders billed and whether the invoice and subsequent payment were approved by an authorized official.	We obtained the General Ledger and haphazardly selected 25 transactions from different accounts. We obtained the original invoice and applicable purchase order for each item selected and determined that (1) the goods or services ordered were consistent with those billed; (2) the invoices were approved; and (3) the subsequent payment was approved. All transactions selected and tested met the three criteria above.

**Virginia Department of Health
Office of Emergency Medical Services**

**Agreed-Upon Procedures and Findings at
Lord Fairfax Emergency Medical Services Council, Inc.**

Exhibit I

CASH ACCOUNTS					
Account Description	Balances as of:		Variance		
	<u>6/30/2008</u>	<u>6/30/2007</u>	\$	%	
BITA Checking	83,311	81,937	1,374	1.68%	
CD- 24 month	37,333	36,141	1,192	3.30%	
CD- Communications (deleted)	24,203	-	24,203	100.00%	1
Checking- Communications (deleted)	5,375	-	5,375	100.00%	2
Checking-General	33,227	23,868	9,359	39.21%	3
Petty Cash	100	-	100	100.00%	

All responses below were obtained from management of LFEMS.

1. All Communications accounts are kept separate on Quickbooks'07. All other Council accounts are kept on QB Online. I attempted to convert the Communications accounts into the online version when I changed over last year but since these accounts are restricted, it was skewing the P&L report.
2. All Communications accounts are kept separate on Quickbooks'07. All other Council accounts are kept on QB Online. I attempted to convert the Communications accounts into the online version last year when I changed over but since these accounts are restricted, it was skewing the P&L report.
3. Additional revenue from locality funding and additional training revenue.

**Virginia Department of Health
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**Agreed-Upon Procedures and Findings at
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Exhibit II

Description	For the Year Ended:		Variance		
	6/30/2008	6/30/2007	\$	%	
State contract	205,920	235,629	(29,709)	-12.61%	1
Local government funding	66,028	64,285	1,743	2.71%	
Training	48,852	40,430	8,422	20.83%	2
Hospital contributions	20,000	-	20,000	100.00%	3
Miscellaneous income	4,672	-	4,672	100.00%	4
Investment income	2,592	5,252	(2,660)	-50.65%	5
Net assets released from restriction	10,218	10,464	(246)	-2.35%	

All responses below were obtained from management of LFEMS.

1. Funds were withheld from the state due to the Council not having an Executive Director for a period of several months. A daily amount was withheld until I was hired in Dec. 2007.
2. Our Council is a Training Center for the American Heart Association. We relocated our office in Dec. 2007 into a space that allowed us the opportunity to teach CPR & first aid classes for the first time. The increase just for that program accounted for a 33% increase from FY07 to FY08.
3. This is the restricted funding that's provided to our region for Communications equipment by our 4 hospitals. In reviewing past records, I realized that the previous Director had not requested for this funding for the previous 2 years.
4. In FY08, this included some reimbursements from relocating our office to include selling the old phone system, and checks from AT&T, Ntelos, and the deposit on the old office. Other income included \$1,000 federal refund for overpayment of federal taxes. I'm not sure why the auditor didn't list the miscellaneous income for FY07. When I pull a P&L report for that time period, I'm showing an income of \$10,463 unless they recategorized that income into another category.
5. Because the Council did not request the Communications funding from the hospitals for 2 years, that checking account was almost empty. Money was transferred from the BITA account over to the Communications account to help pay for rent, utilities, and a maintenance agreement. The previous Director was also given a severance upon termination in April, 2007 because of her terminal illness. The BITA account had a high of \$160,000 in Dec, 2006 & was earning approximately \$400 per month in interest but because of transferring funds to Communications, severance for the Director, and paying back taxes in April, '07, this account quickly dropped in half. This was also coupled with dropping interest rates from the bank.

**Virginia Department of Health
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Exhibit III

Description	For the Year Ended:		Variance		
	6/30/2008	6/30/2007	\$	%	
Business Insurance	2,692	-	2,692	100.00%	1
Contract Labor	3,908	9,288	(5,380)	-57.93%	2
Copy & Printing	102	6,728	(6,626)	-98.49%	3
Depreciation Expense	2,191	-	2,191	100.00%	4
Grant Expenses	-	3,014	(3,014)	-100.00%	5
Miscellaneous	135	2,853	(2,718)	-95.27%	6
Moving Expense	2,392	-	2,392	100.00%	7
Office Supplies	4,640	8,336	(3,696)	-44.34%	8
Personnel Expenses: Payroll Taxes	10,802	13,855	(3,053)	-22.03%	9
Personnel Expenses: Recruitment/ Advertising	1,702	5,041	(3,339)	-66.23%	10
Personnel Expenses: Salaries	139,020	168,383	(29,362)	-17.44%	11
Regional Medical Director	9,250	-	9,250	100.00%	12
Repairs & Maintenance	1,910	6,983	(5,073)	-72.65%	13
Training Expense: Equipment	4,566	951	3,615	380.15%	14
Training Expense: Other	(4,589)	697	(5,286)	-758.22%	15
Training Expense: Supplies: ALS Supplies	6,037	919	5,118	556.89%	16
Travel	4,545	712	3,834	538.81%	17

All responses below were obtained from management of LFEMS.

1. The insurance for FY07 was paid June 5, 2006 for a total of \$2,741.
2. All contract labor expenses for both years were to fill in when the Director went out on her extended illness beginning in November, 06. This was also used to fill in when the Council didn't have an administrative assistant.
3. Regional Protocols were last revised in FY07 & booklets were published for all EMS providers. No revisions have been made since then.
4. The Council purchased a Chevrolet Uplander van in FY08 & this is the depreciation on the van.
5. The Council participated in a region-wide Stroke Awareness campaign. This was mistakenly put in the wrong category & should have been categorized as "Miscellaneous".
6. Items for FY07 include purchase of a desk, a \$1,000 scholarship, & office labor posters. The previous director was using "Miscellaneous" & I started using "Miscellaneous Expenses".

Expenses for FY08 actually totaled \$1,411 before audit adjustments. Expenses for FY08 included health fair registration, sympathy flowers, and reimbursement of training fees.

7. The Council relocated the office Dec, 2007 & this was used to pay for moving fees and purchase of blinds, curtains, and sign for door.
8. During the period that the previous Director was out sick, the administrative assistant was running the office and purchasing all supplies. At that time, there was little oversight & she purchased many unnecessary office supplies. This employee was later terminated & new Financial Policies have been instituted.
9. The Council was without a Director for a period of roughly 13 months but a severance was paid upon her final separation. The current director started at about \$22,000 less beginning in Dec, 07.
10. In FY07, the Council had to advertise several times for 2 different positions, the Systems Planner & the Admin. Assistant. In FY08, the only position that required advertising was for Executive Director.
11. In FY07, the Council paid out a severance to the previous Director. In FY08 as previously stated, the current Director started out at \$22,000 less than the previous Director. We also were without an Admin. Assistant for approximately 3 months that year.
12. No compensation was paid to the Regional Medical Director from March 28, 2006 until Dec, 2007. A possible explanation is that the Regional Medical Director did not invoice the Council and this payment would not have been made unless the invoice had been received. We now pay one yearly amount in December of each year to alleviate this potential problem.
13. In FY07, this expense was for the purchase & maintenance agreement of a new phone system at the previous office and new locks to be installed. In FY08, the balance of the maintenance agreement was paid for and there was an audit adjustment at the end of the year of \$1,610.
14. The Council purchased C-PAP masks for all the ambulances in the region in FY08.
15. A total of \$336.20 was paid for the materials used for the Stroke Awareness Campaign. All other expenses were audit adjustments made by our accountant based on the FY08 audit & the trial balances used by the auditor.
16. In FY08, the Council initiated a second drug box to be carried on the ambulances in the region. This was used to cover purchase of the boxes and the contents in them for EMTs to use.
17. With no Director in the office in FY07, there was no one in the office available to travel to state meetings. Once we were able to maintain a full staff in FY08, we were able to travel to all meetings in Richmond plus to travel within our region to our EMS agencies.