

**TIDEWATER EMERGENCY MEDICAL
SERVICES COUNCIL, INC.
Norfolk, Virginia**

**AGREED-UPON PROCEDURES
June 30, 2009**

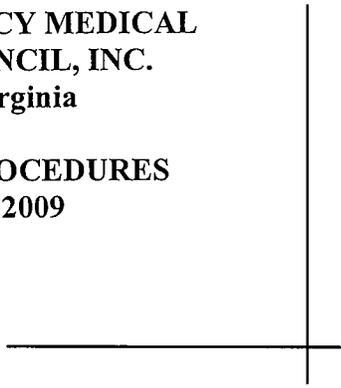


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**Independent Accountant's Report
on Applying Agreed-Upon Procedures**

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, 2009, 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 Tidewater Emergency Medical Services Council, Inc. (TEMS). The management of TEMS 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 Tidewater 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
May 24, 2010

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

**Agreed-Upon Procedures and Findings at
Tidewater 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, 2009 audited financial statements for Tidewater Emergency Medical Services Council, Inc (TEMS).
2.	Determine if the financial statements were audited by an Independent Certified Public Accountant.	We determined the June 30, 2009 financial statements of TEMS were audited by the independent certified public accounting firm Strickland & Jones, P.C.
3.	Determine whether any fraud, waste, questioned costs, or material weaknesses were reported.	We reviewed the June 30, 2009 audited financial statements and related auditors' reports contained therein and management letter 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 \$6,667 (ISI). See Exhibit I.

6.	<p>Confirm bank balances, including time deposits and certificates of deposit. Agree confirmed balances to bank reconciliations at year-end.</p>	<p>We confirmed balances for cash and investments accounts held at Wachovia Bank, Towne Bank, Shore Bank, Raymond James Investments and T. Rowe Price Securities. All confirmed cash and investment account balances received agree to bank reconciliations or the general ledger at year-end.</p> <p>Raymond James Investments was the only confirmation not returned, in lieu of that we agreed the year-end investment statement balances to the general ledger without exception.</p>
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, 2009 for the Wachovia Bank account, TEMS's primary account, 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 2009). d. There were no plugged amounts to reconcile the balance. e. TEMS does not receive copies of its deposit slips with their monthly account statements from either bank. The first significant deposit noted on the July 2009 bank statement was dated July 9, 2009. As a result, no deposits in transit as of June 30, 2009 were noted.

Property and Equipment		
8.	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.	We selected a sample size of nine (9) equipment items from TEMS's property inventory Fixed Assets 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 TEMS's possession.
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) purchase during 2009 from TEMS's property inventory Fixed Assets Schedule as of June 30, 2009. The sample size was based on a population of all purchases made in the current year and a selection of the largest purchases made. We noted all selected items were accurately updated on the Fixed Assets Schedule.
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, 2009, there were no assets disposed.
Accounts Payable		
11.	Obtain a detailed schedule of Accounts Payable as of June 30, 2009 and reconcile to the financial statements.	We obtained a detailed schedule of Accounts Payable as of June 30, 2009 in the amount of \$38,362 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 (2) items in the amount of \$37,565 from the schedule of Accounts Payable obtained in procedure #11, which represented 98% of the total balance of Accounts Payable as of June 30, 2009. We obtained supporting documentation for the selected item and noted; (1) that it was billed to Tidewater EMS Council and (2) it was attributable to goods and services provided prior to June 30, 2009.

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, 2009 through August 31, 2009 and selected a sample size of six (6) significant subsequent disbursements, as defined as cash disbursements greater than ISI. We examined the selection of subsequent disbursements against the supporting documentation and noted that all items selected were properly recorded as of June 30, 2009.
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
Tidewater Emergency Medical Services Council, Inc.**

Exhibit I

CASH/INVESTMENT ACCOUNTS					
Account Description	Balances as of:		Variance		
	<u>6/30/2009</u>	<u>6/30/2008</u>	<u>\$</u>	<u>%</u>	
1040 Cash-Checking	18,274	616,876	(598,602)	-97.04%	1
1041 Cash-Checking(E.S.PettyCash)	-	756	(756)	-100.00%	
1042 Cash-Checking(E.S.Primary)	-	65,982	(65,982)	-100.00%	2
1043 Cash-Checking Money Market	607	-	607	100.00%	
1045 Cash-Checking(E.S.PettyCash)	1,365	-	1,365	100.00%	
1046 Cash-Checking(E.S.Primary)	38,733	-	38,733	100.00%	3
1050 CertificateofDeposit(TEMS)	401,880	200,277	201,603	100.66%	4
1051 MoneyMarketFund	68,735	49,367	19,368	39.23%	5
1052 CertificatofDeposit-LongTerm	360,953	300,000	60,953	20.32%	6
1410 Investments(TEMS)	168,507	108,618	59,889	55.14%	7

All responses below were obtained from management of TEMS.

1. During the year the Executive Committee approved that we move funds from the main checking to a combination of CDs and other investments (see note 4). This was done in part to decrease the exposure of funds in one bank that were greater than FDIC-insured limits and in part to better align reserve funds with the related Investment and Reserve Policy. We also spent down some of our fund balance (Board designated funds) related to the MMRS program, replacing expiring supplies and pharmaceuticals and purchasing equipment as expected with these funds.
2. Notes 2 and 3 are related. During the year we closed an account at PNC and opened an account at Shore Bank. Also, during the year a number of supply, equipment and training items were purchased to benefit the EMS agencies and providers on the Eastern Shore.
3. See Note 2.
4. During the year the Executive Committee closely reviewed the council's Investment and Reserve Policy and took steps to balance council funds to better match allocations in the policy and to help improve returns on fund balances and to reduce funds at any one bank to minimize non-FDIC insured exposure. This action impacted the checking account balance as discussed in Note 1.
5. See Note 4.
6. See Note 4.
7. See Note 4.

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

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

Exhibit II

Description	For the Year Ended:		Variance		
	<u>6/30/2009</u>	<u>6/30/2008</u>	<u>\$</u>	<u>%</u>	
Contracted Services	1,273,936	1,340,316	(66,380)	-4.95%	1
Donated Material, Facilities and Services	2,579	149,473	(146,894)	-98.27%	2
Grants	90,193	380,899	(290,706)	-76.32%	3
Contributions	133,590	117,740	15,850	13.46%	
Educational Fees	144,039	191,166	(47,127)	-24.65%	4
Interest Income	22,968	39,034	(16,066)	-41.16%	
Dividend Income	10,143	5,852	4,291	73.33%	
Test Site Fees	25,510	18,075	7,435	41.13%	
Management Fee	33,620	-	33,620	100.00%	5
Other Income	3,785	4,584	(799)	-17.43%	
Unrealized Loss on Investments	(8,263)	(10,696)	2,433	-22.75%	

All responses below were obtained from management of TEMS.

1. The sequence of invoicing for MMRS consultant services varied between the two fiscal years. The difference was inconsequential.
2. During FY08 Sentara Nightingale provided in-kind graphics and printing costs of the council's EMS newsletter totaling about \$18k per year. In FY09 we received cash support from Medical Transport LLC for newsletter expenses but classified it as "contributions". The bulk of the difference for FY08 was a one-time transfer of about \$133k of simulation training equipment and some classroom equipment from the Hampton Roads Planning District Commission to the council.
3. FY08 there were a \$124k one time EZ-IO grant from state EMS grant program, \$55k one-time grant from Norfolk Foundation for simulation center initial equipment purchases, \$17K one-time grant from Portsmouth General Foundation for simulation classes. The balance of the difference is mostly greater state EMS grants drawn down and reimbursed during FY08 than FY09.
4. In FY08 there was a one time \$25k payment for development of a radio communication and MCI course and a one-time payment of \$29k for costs of a technical rescue course.
5. The amounts recorded in the general ledger for management fee in 2009 and 2008 was the same, \$33,620. The variance comes from the presentation of the management fee - in 2009 it was separately presented as shown above; however, in 2008 it was netted against the MMRS program expense and therefore not shown as revenues.

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

**Agreed-Upon Procedures and Findings at
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Exhibit III

Description	For the Year Ended:		Variance		
	6/30/2009	6/30/2008	\$	%	
5160 - Health and Dental Insurance	102,555	87,816	14,739	16.78%	1
6000 - Audit	19,199	10,000	9,199	91.99%	2
6280 - Educational Supplies	58,225	46,769	11,456	24.49%	3
6290 - Educational Courses	217,619	135,829	81,790	60.22%	4
6410 - MMRS Operations: Support to Sim Center	-	111,135	(111,135)	-100.00%	5
6410 - MMRS Operations: Communications	22,169	45,352	(23,183)	-51.12%	6
6410 - MMRS Operations: Equipment/Supplies	49,297	118,251	(68,953)	-58.31%	7
6410 - MMRS Operations: Exercises	23,972	(4,566)	28,538	-624.97%	8
6410 - MMRS Operations: Vehicles	234,837	11,189	223,648	1998.76%	9
6450 - Operational Supplies	64,522	210,701	(146,179)	-69.38%	10
6520 - Repairs/Maintenance	7,350	18,787	(11,437)	-60.88%	11
6580 - Travel	15,983	26,088	(10,105)	-38.73%	12

All responses below were obtained from management of TEMS.

1. Increase in health insurance for 2009. The Council has experienced double-digit annual health insurance cost increases for years. On next renewal the council plans to "shop" for comparable policies at lower cost and/or to join a purchasing cooperative via the National Council of Non-profit Organizations. (costs applied to all program areas based on actual costs)
2. Increase in audit fees for 2009. The Council changed auditors to Goodman and Company in FY09 for audit of our FY08 financial statements and the final price from Goodman was nearly double from their original RFP price when the audit was completed. We dropped Goodman the following year. (Management and General).
3. The bulk of these expenditures were increased costs for a heavy search and rescue training course, but increased income matched (surpassed) increased expenditures. (TRTRT funded) Also purchased one-time moulage supplies for newly started moulage team (MMRS federal funded).
4. In FY09 the bulk of these expenses were related to a heavy search and rescue training course, but increased income matched (surpassed) increased expenditures. (TRTRT funded) Another main expenditure was for a one-time rural EMT-I training course in Western Tidewater funded by the council using grant funds. The course was partially complete and partially funded during the year. (TEMS local/grant funded). The final difference was payment of conference costs of an EMS mini-symposium in Suffolk funded by a grant (TEMS local/grant funded).

5. In FY08 we attempted to show that Simulation Center income and expenses were largely underwritten using MMRS funds. The FY08 transfer was intended to reflect that underwriting, via a transfer of funds from MMRS to Simulation Center. However, auditors felt the transfer incorrectly inflated both overall income and expenses for the organization, so similar transfers between programs were not done in FY09.
6. In FY08 incurred costs for pagers for MMRS strike team alerting in case of disasters. In subsequent year converted to an Internet-based member alerting system, avoiding expensive pager costs. In FY08 also did one-time purchase of additional radio communications equipment. (MMRS federal funded).
7. FY08 was an initial build-out year for MMRS strike team trailers, purchasing extensive amounts of medical response equipment and supplies. Subsequent year continued the build-out, but it was largely completed in FY08. (MMRS federal funded).
8. There were actually about \$11K MMRS exercise costs in FY08 but a general journal reversal from the prior year caused the end total for FY08 to be negative. FY09 MMRS exercise expenses were planned and higher than FY08, with primary costs being to reimburse backfill and overtime to localities for exercise responders. (MMRS federal funded).
9. Purchased 2 replacement MMRS strike team tow vehicles totaling \$144k during FY09 plus costs to make them operational. We show these as expenses versus assets with depreciation costs because the vehicles were immediately transferred to the host jurisdictions (York County and City of Norfolk) for the MMRS strike team. (MMRS sustainment funded).
10. In FY08 received a grant and purchased nearly \$125k of EZ-IO kits and training kits for agencies and ambulances & emergency kits. (TEMS local expense/grant funded); also purchased \$17k technical rescue gear one-time purchase for technical rescue team (TRTRT funded).
11. In FY08, incurred about \$7.5k one-time expense for repairs to expensive simulation manikins (SIM expense).
12. In FY08, incurred about \$11k expense related to a one-time technical rescue training program for members of the regional Technical Rescue Team (TRTRT funded).