PENINSULAS EMERGENCY MEDICAL SERVICES COUNCIL, INC. Gloucester, 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 Peninsulas Emergency Medical Services Council, Inc. (PEMS). The management of PEMS 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 Peninsulas Emergency Medical Services Council, Inc. and is not intended to be and should not be used by anyone other than these specified parties.

Glen Allen, Virginia July 10, 2009



Clifton Gunderson LLP

Agreed-Upon Procedures and Findings at Peninsulas 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 Peninsulas Emergency Medical Services Council, Inc. (PEMS)
2.	Determine if the financial statements were audited by an Independent Certified Public Accountant.	We determined the June 30, 2008 financial statements of PEMS were audited by the independent certified public accounting firm Goodman & Company, LLP (Goodman).
3.	Determine whether any fraud, waste, questioned costs, or material weaknesses were reported.	We reviewed the June 30, 2008 audited financial statements, related auditors' reports contained therein and letter to those charged with governance 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 \$3,700 (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 held at Old Point National Bank and Chesapeake Bank. All confirmed cash account balances agree to bank reconciliations at year-end.

- 7. Obtain copies of the primary account bank reconciliations.
 - 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.

We obtained the cash reconciliation as of June 30, 2008 for Old Point National Bank and Chesapeake Bank accounts, and applied the procedures noted in the adjacent column.

- 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 unreconciled differences or plug amounts per review of the June 30, 2008 bank reconciliations. We did note that the Executive Director did not review, sign and approve the bank reconciliations.
- e. PEMS had one deposit in transit on its June 30, 2008 bank reconciliation for \$425 for Old Point Bank which cleared the bank on July 1, 2008. No other deposits in transit were on the bank reconciliations at June 30. The banks do not return deposit slips with the monthly bank statements; however PEMS keeps copies of all deposit slips in its files. All deposits made within the first week of the subsequent month (July 2008), as selected from the July 2008 account statements, were compared against a copy of the deposit slip. As a result, no other deposits in transit other than the \$425 noted on the June 30, 2008 bank reconciliation 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 eleven (11) equipment items from PEMS's depreciation and amortization report. The sample size was based on all assets (excluding additions and disposals in the current year) greater than ISI. The Executive Director informed us that four assets totaling \$217,144 (which were fully depreciated) related to an RSAF grant project that upgraded the area hospitals regional HEAR and CORE communications systems were not owned by PEMS but were in the depreciation and amortization report. In addition, we were informed by the Executive Director that an asset for RSAF Trailers with an original cost of \$9,000 (fully depreciated) was also in the depreciation and amortization report and similarly not owned by PEMS but was actually owned by three fire departments. All other items selected were located in PEMS'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 both 2008 property purchases from PEMS's depreciation and amortization report. These two purchases were agreed to invoices and were accurately updated in the depreciation and amortization report as of June 30, 2008.
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 \$16,932 (which was part of the total accounts payable and accrued expenses per the audited financial statements of \$24,911) and noted that the schedule reconciled with the financial statements and the trial balance groupings.
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 \$16,872 from the accounts payable schedule obtained in procedure #11, which represented 99.6% of the total balance of Accounts Payable as of June 30, 2008. We obtained supporting documentation for the items selected and noted (1) that they were billed to Peninsulas EMS Council and (2) they were 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 of significant subsequent disbursements, as defined as cash disbursements greater than ISI. Since there was only one subsequent disbursement greater than ISI in the population, ten (10) additional items were judgmentally selected. We examined the selection of subsequent disbursements against the supporting documentation and noted that two items totaling \$3,943.20 were not recorded as accounts payable in 2008 but should have been based on our review of the invoices. All other 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. Two items selected did not have invoices to support the expenditures (the missing invoices were for \$300.00 and \$246.85). The remaining transactions tested met the three criteria above.

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

Exhibit I

	Balance as of			
Description	6/30/2008	6/30/2007	Difference	
Petty cash	105	105	-	
Old Point Money Market	22,532	50,860	(28,328)	1
Old Point Checking	46,995	29,663	17,332	2
Chesapeake Bank Checking	1,622	11,622	(10,000)	- 3
Suntrust Checking	-	658	(658)	
CD - Chesapeake Bank	33,880	22,591	11,289	4
CD - Old Point Bank	60,624	-	60,624	5

All responses below were obtained from management of PEMS.

- 1. Account is used to hold excess cash and earn interest. More cash was in the main account (Old Point Checking) at June 30, 2008 than in June of 2007- mainly due to timing.
- 2. This is the main operating account; this account had more cash than the prior year mainly due to two large deposits on June 16, 2008 totaling \$172,463 (from the State OEMS). This is mainly timing differences- see explanation 1 above.
- 3. PEMS is using Old Point Banking more for their banking transactions, thus the Chesapeake Bank balance was lower. This account is used for truck repair funds and should generally have a smaller balance.
- 4. More cash on hand at June 30, 2008, thus more to invest in certificates of deposit.
- 5. PEMS was earning more interest on certificates of deposit at Old Point, thus they opened more certificates of deposit at this bank.

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

Exhibit II

Description	FINAL 6/30/2008	PP FINAL 6/30/2007	\$ VAR	_
Public support and revenue				
Public support:				
Local support	64,025	46,895	17,130	
Grants	82,387_		82,387	
Total public support	146,412	46,895	99,517	
Revenues:				
State contract	435,410	279,941	155,469	
Training courses and materials	23,100	131,076	(107,976)	
Interest	2,801	2,033	768	
Other	221	2,571	(2,350)	
Total revenues	461,532	415,621	45,911	

All responses below were obtained from management of PEMS.

- 1. The amount reported by Goodman for local support in the fiscal year 2007 report was not correct. The amount should have been \$64,438 per the Goodman Trial balance grouping schedule which would make the year to year comparison very close and not require an explanation for fluctuation. An additional \$17,543 for a contribution from Medresolve, Inc was shown in local support for fiscal 2008 and should have been shown as local support in the audited financial statements for fiscal 2007 in order to be comparative. This \$17,543 was shown incorrectly in fiscal 2007 as training courses and materials.
- 2. This was a one time grant from the Williamsburg Health Foundation to purchase equipment for rescue squads to upgrade heart monitors and related equipment.
- 3. The amount reported by Goodman for the State contract in the fiscal year 2007 report was not correct. The amount should have been \$369,264 per the Goodman Trial balance grouping schedule. Thus, the true fluctuation was \$66,146. This fluctuation of \$66,146 was made up of a slight decrease in the State contract of \$12,314 due to the removal of funding for a performance improvement specialist position offset by increases in RSAF funding of \$78,460 mainly due to pass-through costs for EZIO needles/drivers, kits and other supplies. Total RSAF revenue was \$167,783 in fiscal 2008 as compared to \$89,323 in fiscal 2007.
- 4. The amount reported by Goodman for Training courses and materials for fiscal year 2007 was not correct. The amount should have been \$24,210 per the 2008 Goodman grouping schedule. This is because the fiscal 2007 amount of \$131,076 improperly included: (a) \$17,543 of a contribution discussed in one above, and (b) \$89,323 for the RSAF Grant. Once (a) and (b) are removed, the total amount in fiscal 2007 is \$24,210 which is comparable to the fiscal 2008 amount.

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

Exhibit III

Description	FINAL 6/30/2008	PP FINAL 6/30/2007	\$ VAR	
Officers salaries	99,015	61,310	37,705	1
Salaries and wages	129,820	178,128	(48,308)	2
Williamsburg comm grant	75,006	-	75,006	3
RSAF grant costs	174,389	53,060	121,329	4
ASPAR grant	4,218	-	4,218	5
Program support costs	27,446	39,993	(12,547)	6
Depreciation	25,690	18,922	6,768	7
Outside services	3,691	8,522	(4,831)	8

All responses below were obtained from management of PEMS

- 1. Officer salaries in fiscal 2008 included two executive directors for a portion of fiscal 2008 plus a severance payment in 2008.
- 2. Salaries and wages are down in fiscal 2008 because the assistant director position was removed in fiscal 2008 (he became the executive director in fiscal 2008) and the performance improvement specialist position was eliminated during fiscal 2008.
- 3. These represent the expenses from the Williamsburg Community grant discussed in Exhibit II, number 2.
- 4. The costs are up related to the RSAF grant mainly due to the approximately \$138,000 payment to Sovereign Medical for EZIO needles/drivers, kits and other supplies paid in fiscal 2008. The remaining decrease of approximately \$17,000 is due to timing differences for the RSAF grant.
- 5. ASPAR grant is a one time grant that allowed PEMS to support the HOPES conference related to nursing home emergency preparedness.
- 6. In fiscal 2007, PEMS conducted a training program for EMS performance improvement but did not conduct the program in 2008; also, a medical director was paid in 2007 for \$2,000 but not in fiscal 2008.
- 7. Approximately \$75,000 of new assets was added in fiscal 2007 which would require a full year of depreciation in fiscal 2008. Depreciation expense is calculated by the auditors and a large increase in depreciation expense was expected in 2008.
- 8. Part of the training program for 2007 discussed in item 6 above was included in this line item in 2007 but similar training was not conducted in 2008.