

# PERFORMANCE AUDIT REPORT

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## Pennsylvania Department of Health Emergency Medical Services Operating Fund

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May 2023



Commonwealth of Pennsylvania  
Department of the Auditor General

Timothy L. DeFoor • Auditor General

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TIMOTHY L. DEFOOR  
AUDITOR GENERAL

April 26, 2023

The Honorable Dr. Debra L. Bogen  
Acting Secretary  
Pennsylvania Department of Health  
Health and Welfare Building  
8<sup>th</sup> Floor West; 625 Forster Street  
Harrisburg, PA 17120

Dear Secretary Bogen:

This report contains the results of the Department of the Auditor General's performance audit related to the Emergency Medical Services Operating Fund (EMSOF) administered by the Pennsylvania Department of Health (DOH). The audit period encompassed July 1, 2017, through June 30, 2021. This audit was conducted under the authority of Sections 402 and 403 of The Fiscal Code and pursuant to Section 8153(e) of the Emergency Medical Services System Act.<sup>1</sup> The audit was performed in accordance with generally accepted *Government Auditing Standards*, issued by the Comptroller General of the United States.<sup>2</sup> Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

We performed our audit to determine whether DOH ensured that the collections and expenditures of the EMSOF were adequately supported, properly accounted for, and used for the purpose(s) intended by law and regulations. We also determined whether DOH implemented our prior EMSOF performance audit recommendations from the report issued in July 2018.

Our methodology to satisfy these objectives along with our evaluation of management's internal controls significant to these objectives is included in *Appendix A* of this report.

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<sup>1</sup> 72 P.S. §§ 402 and 403 and 35 Pa.C.S. § 8153(e).

<sup>2</sup> U.S. Government Accountability Office. *Government Auditing Standards*. 2018 Revision. Technical Update April 2021.

The Honorable Dr. Debra L. Bogen

April 26, 2023

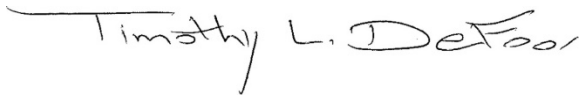
Page 2

We found that DOH continued to ineffectively administer the EMSOF and failed to correct past significant weaknesses in its internal controls. Specifically, DOH failed to designate sufficient resources to effectively monitor EMSOF; DOH failed to adequately monitor and question potential misuse of EMSOF expenditures; and DOH failed to adequately review annual reports for completeness and accuracy.

With respect to the Head Injury Program funded by the EMSOF, we did not identify any deficiencies. Therefore, we acknowledge DOH's adherence and compliance with applicable law and regulations pertaining to this program.

In closing, we thank DOH for its cooperation and assistance during the audit. We reserve the right to follow up at an appropriate time to determine whether and to what extent our recommendations have been implemented.

Sincerely,

A handwritten signature in dark ink, reading "Timothy L. DeFoor". The signature is written in a cursive, slightly slanted style. The first name "Timothy" is written with a large, sweeping initial "T". The last name "DeFoor" is written with a capital "D" and a stylized "F".

Timothy L. DeFoor  
Auditor General

# A Performance Audit

## Pennsylvania Department of Health Emergency Medical Services Operating Fund

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### TABLE OF CONTENTS

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<b>Executive Summary .....</b>	<b>1</b>
<b>Introduction and Background .....</b>	<b>4</b>
<b>Finding One: The Department of Health continued to ineffectively administer the Emergency Medical Services Operating Fund and failed to correct past significant weaknesses in its internal controls .....</b>	<b>8</b>
<b>Recommendations .....</b>	<b>10</b>
<b>Finding Two: The Department of Health failed to adequately monitor and question potential misuse of EMS operating fund expenditures .....</b>	<b>11</b>
<b>Recommendations .....</b>	<b>16</b>
<b>Finding Three: The Department of Health failed to adequately review annual reports for completeness and accuracy .....</b>	<b>17</b>
<b>Recommendations .....</b>	<b>19</b>
<b>Audit Procedures and Results – The Department of Health’s Head Injury Program complied with law and regulations .....</b>	<b>20</b>
<b>Status of Prior Audit Findings .....</b>	<b>21</b>
<b>Pennsylvania Department of Health’s Response and Auditor’s Conclusion .....</b>	<b>27</b>
<b>Appendix A – Objective, Scope, Methodology, and Data Reliability .....</b>	<b>34</b>
<b>Appendix B – Distribution List .....</b>	<b>45</b>

## A Performance Audit

### Pennsylvania Department of Health Emergency Medical Services Operating Fund

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#### Executive Summary

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This report presents the results of our performance audit of the Pennsylvania Department of Health's (DOH) administration of the Emergency Medical Services Operating Fund (EMSOF). Our performance audit had one objective, which was to determine whether DOH ensured that EMSOF collections and expenditures were adequately supported, properly accounted for, and used for the purposes intended by law and regulations, including the collections and expenditures of the regional emergency medical services (EMS) councils. Our audit period was July 1, 2017, through June 30, 2021. We also conducted procedures to determine whether DOH implemented recommendations from our prior EMSOF performance audit report issued in July 2018.

Our audit results are contained in three findings with nine recommendations. DOH agreed with our findings and has indicated that it is in varying stages of implementing our recommendations.

#### **Finding 1 – The Department of Health continued to ineffectively administer the Emergency Medical Services Operating Fund and failed to correct past significant weaknesses in its internal controls.**

The Department of the Auditor General conducted three prior performance audits related to DOH's administration of EMSOF. Those audits related to periods beginning July 1, 2010, through June 30, 2017, and were released in February 2014, December 2015, and July 2018. Each audit reported significant internal control weaknesses that have remained **uncorrected** through our current audit period ending June 30, 2021. Based on our current review of documents and interviews conducted with DOH management, we found that DOH continued to lack adequate internal controls over EMSOF funds distributed to EMS councils. We found that DOH failed to designate sufficient resources to effectively administer and monitor EMSOF, including having an adequate internal control system in place. DOH also failed to adequately monitor the EMS councils' use of EMSOF dollars, which created a significant risk of misuse of state funds and the potential for error, fraud, and/or abuse. Additionally, DOH had very limited assurance that EMSOF funds were spent in accordance with law and regulations.

#### **Finding 2 – The Department of Health failed to adequately monitor and question potential misuse of EMS operating fund expenditures.**

The Emergency Medical Services System Act (Act) permits EMSOF monies to be used for the purposes of providing EMS programs of public education, information, health promotion, and prevention, as well as costs associated with EMS provider training programs. EMSOF funds can also be used for costs associated with assisting EMS agencies in recruiting and retaining providers. We found that DOH did not provide the regional EMS councils with guidance regarding what expenditures DOH considers to be allowable within these broad categories as

## **A Performance Audit**

### **Pennsylvania Department of Health Emergency Medical Services Operating Fund**

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provided for by the Act. As a result, EMS councils were left to interpret these categories on their own, creating the potential for inconsistent and questionable use of funds.

DOH implemented procedures in fiscal year ended June 30, 2019, to review receipts supporting one invoice for one EMS council each quarter. During our four-year audit period, DOH reviewed a total of 12 invoices. We found DOH's review procedures for these 12 invoices to be inadequate with only three invoices including supporting receipts while the other nine were missing the invoice and/or receipts. We further identified several questionable expenditures from the receipts we could review.

We additionally selected 60 invoices beyond those reviewed by DOH, including invoices from each of the 13 regional councils and the Pennsylvania Emergency Health Services Council during the four fiscal years ended June 30, 2018, 2019, 2020, and 2021, totaling \$3.1 million of the \$34.8 million disbursed by DOH for EMS. We found 11 invoices were adequately supported with reasonable documentation for appropriate expenditures. We however received no support for 21 invoices, and the remaining 28 invoices either had receipts for less than the invoice amount or the receipts provided did not contain adequate support or justifications for the expenditures.

We found that DOH did not adequately review source documentation to substantiate the summary invoices provided by the councils and paid by DOH. By not fulfilling its obligation to monitor its grants to the regional EMS councils, DOH cannot be assured that the grant monies were being properly spent.

We further found that items requested to be purchased by EMS pre-hospital providers and approved by DOH management did not agree with the items actually purchased or did not have supporting documentation or receipts for reconciliation purposes. DOH cannot ensure the appropriateness of purchases without requiring regional EMS councils to provide supporting documentation after the purchases were made and reconciling the purchased items to DOH's pre-approval.

To adequately administer EMSOF, DOH must ensure its oversight of fund expenditures serve to adequately deter, detect, and prevent errors, abuse, and/or fraud from occurring.

#### **Finding 3 – The Department of Health failed to adequately review annual reports for completeness and accuracy.**

We found that DOH obtained and conducted cursory reviews of annual reports from the EMS councils. Although DOH management started receiving, reviewing, and tracking the annual reports, the review was not sufficient to ensure the completeness or accuracy of the annual reports, which weakens accountability and transparency to the public.

## **A Performance Audit**

### **Pennsylvania Department of Health Emergency Medical Services Operating Fund**

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#### **Department of Health's Head Injury Program complied with law and regulations.**

Twenty-five percent of the funds in the EMSOF is allocated to the Catastrophic Medical and Rehabilitation Fund to administer the Head Injury Program which pays for medical, rehabilitation, and attendant care services for persons with traumatic brain injury. Based on our audit procedures, we did not identify any weaknesses in the management controls that we tested, any misstatements of financial information, or noncompliance with applicable law and regulations.

#### **Status of Prior Audit Findings**

We conducted procedures to determine the status of the prior audit findings and recommendations presented in the audit report released on July 2, 2018. Our prior performance audit of EMSOF covered the period of July 1, 2015, through June 30, 2017, and contained four findings with 22 recommendations. We found that one prior audit finding was resolved, and the remaining three prior audit findings were partially resolved. We reissued the unresolved portions of these findings within our current audit findings included in this report.



## **A Performance Audit**

### **Pennsylvania Department of Health Emergency Medical Services Operating Fund**

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## **Introduction and Background**

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This report by the Department of the Auditor General presents the results of our performance audit of the special fund known as the Emergency Medical Services Operating Fund (EMSOF) administered by the Pennsylvania Department of Health (DOH).<sup>3</sup> This audit was conducted under the authority of Sections 402 and 403 of The Fiscal Code and pursuant to Section 8153(e) of the Emergency Medical Services System Act.<sup>4</sup>

In the sections that follow, we present background information related to EMSOF, including how it was created, its purpose, its funding, and how its funds are allocated and disbursed.

### **EMSOF and its Mission**

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The EMSOF was originally created by the Emergency Medical Services Act pursuant to Act 45 of 1985. This act was later repealed and continued by the Emergency Medical Services System Act, or Act 37 of 2009, effective February 16, 2010 (Act).<sup>5</sup> DOH is the lead agency for the Commonwealth's emergency medical services (EMS) system as defined by the Act.<sup>6</sup> This program is responsible for but not limited to, the following:<sup>7</sup>

- Licensure of EMS agencies that provide ambulance services
- Assuring availability of training
- Certification of EMS personnel
- Medical command facility accreditation
- Medical command physician recognition
- Training institute accreditation
- Integration of the accredited trauma centers with the EMS system

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<sup>3</sup> 35 Pa.C.S. § 8153(a). The sources of funding for the operating fund include: 1) Emergency Medical Services costs and Accelerated Rehabilitative Disposition costs under the state Vehicle Code; 2) all DOH collected fees, fines and civil penalties; 3) appropriations; and 4) contributions. *See* 35 Pa.C.S. § 8153(b).

<sup>4</sup> 72 P.S. §§ 402 and 403 and 35 Pa.C.S. § 8153(e).

<sup>5</sup> <http://www.legis.state.pa.us/cfdocs/legis/li/uconsCheck.cfm?yr=2009&sessInd=0&act=37> (accessed February 17, 2023). Act 37 provided for a recodification of the former act (Act 45) and based on the historical notes pursuant to Section 5 of Act 37 is a “continuation of the former act” and that all activities under Act 45, unless otherwise provided for in Act 37, “shall continue and remain in full force and effect.” *See* 35 Pa.C.S. § 8101 note (Act 37).

<sup>6</sup> 35 Pa.C.S. § 8105(b).

<sup>7</sup> 2018-2019 Governor's Executive Budget, p. E22-44, <https://www.budget.pa.gov/Publications%20and%20Reports/CommonwealthBudget/Pages/PastBudgets2015-16To2006-07.aspx> (accessed February 17, 2023).

## **A Performance Audit**

### **Pennsylvania Department of Health Emergency Medical Services Operating Fund**

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- Quality improvement activities including investigations and disciplinary action when warranted
- Distribution of funding

Within DOH, the Bureau of Emergency Medical Services (Bureau) is responsible for the statewide development and coordination of a comprehensive system to prevent and reduce premature death and disability.<sup>8</sup> The Bureau plans, coordinates, develops, implements, and evaluates the statewide EMS system, including emergency preparedness and response.<sup>9</sup> The state EMS system includes 13 regional EMS councils, the Statewide Advisory Board, and the Pennsylvania Trauma Systems Foundation.

In addition, the DOH Bureau of Family Health administers the Head Injury Program (HIP), which provides case management services and post-acute head injury rehabilitation services to individuals with traumatic head injuries. Services are provided through contractual agreements with head injury rehabilitation providers in Pennsylvania. Funding for HIP is made available through the EMSOF.<sup>10</sup>

### **EMSOF Funding Sources and Allocations**

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Act 93 of 2020 increased the fines and fees that fund the EMSOF and modified how its funds are used. The EMSOF is primarily funded from a \$20 (increased from \$10) fine imposed on moving traffic violations and a \$50 (increased from \$25) fee imposed on persons admitted to the Accelerated Rehabilitative Disposition (ARD) program.<sup>11</sup> The table below shows the revenue for each fiscal year of our audit period.

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<sup>8</sup> <https://www.health.pa.gov/topics/EMS/Pages/EMS.aspx> (accessed February 17, 2023).

<sup>9</sup> 2018-2019 Governor's Executive Budget, p. E22-44, <https://www.budget.pa.gov/Publications%20and%20Reports/CommonwealthBudget/Pages/PastBudgets2015-16To2006-07.aspx> (accessed February 17, 2023).

<sup>10</sup> Ibid.

<sup>11</sup> 75 Pa.C.S. §§ 3121 and 3807(b)(1)(ix). Act 93 of 2020 was enacted on October 29, 2020, and effective 120 days after enactment.

## A Performance Audit

### Pennsylvania Department of Health Emergency Medical Services Operating Fund

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Emergency Medical Services Operating Fund (EMSOF) Revenue by Fiscal Year	
Fiscal Year	Total Revenue
July 1, 2017 - June 30, 2018	\$ 11,291,804
July 1, 2018 - June 30, 2019	\$ 11,317,220
July 1, 2019 - June 30, 2020	\$ 10,283,844
July 1, 2020 - June 30, 2021	\$ 8,893,542

*Source: Created by Department of the Auditor General employees using the Commonwealth's Accounting System (SAP).<sup>12</sup>*

Seventy-five percent (75%) of the monies of the EMSOF are to be allocated for disbursement to eligible EMS agencies, including the Statewide Advisory Council, for the performance of duties imposed under the Act; to regional EMS councils for the development, maintenance, and improvement of the EMS systems; and to other contractors and grantees.<sup>13</sup> The remaining twenty-five percent (25%) of the monies of the EMSOF are allocated for Catastrophic Medical Rehabilitation for victims of trauma through the HIP.<sup>14</sup>

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<sup>12</sup> We did not assess why revenue from fines or ARD fees declined during the audit period. According to the Legislative Budget and Finance Committee's (LBFC) report, *A Study in Response to Act 2020-93: A Review of the Emergency Medical Services Operating Fund*, dated March 2022, the decline in revenue could be due to effects from the COVID-19 pandemic, as more people began working remotely and traffic was greatly reduced. See page 6. Note: Section 8153 of the Act was amended by Act 93 of 2020 to direct the LBFC to conduct a one-time review of court records to ensure that revenues for the EMSOF are being properly collected and deposited with the review to be completed within one year of the effective date of the new subsection (i.e., February 26, 2021). See 35 Pa.C.S. § 8153(f).

<sup>13</sup> 35 Pa.C.S. § 8153(c)(1)-(4).

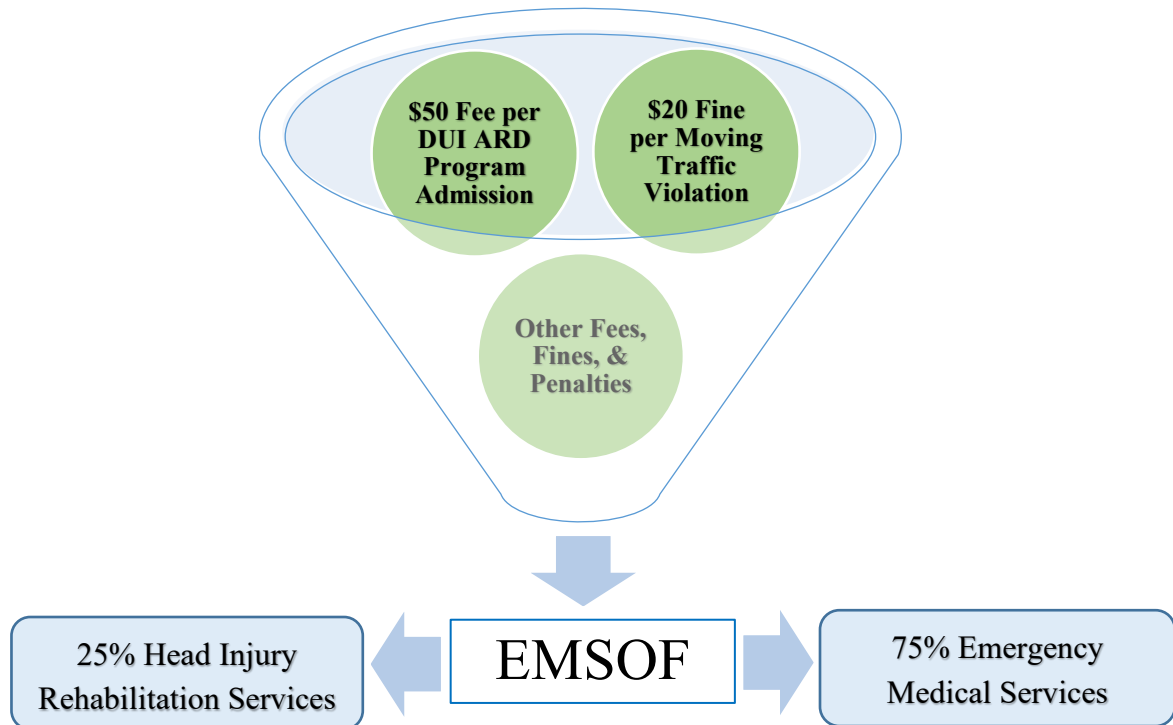
<sup>14</sup> 35 Pa.C.S. § 8153(d).

## A Performance Audit

### Pennsylvania Department of Health Emergency Medical Services Operating Fund

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#### EMSOF Receipts and Disbursements



*Source: Created by Department of the Auditor General staff.*

## A Performance Audit

### Pennsylvania Department of Health Emergency Medical Services Operating Fund

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#### **Finding 1 – The Department of Health continued to ineffectively administer the Emergency Medical Services Operating Fund and failed to correct past significant weaknesses in its internal controls.**

The Emergency Medical Services Operating Fund (EMSOF), created by the Emergency Medical Services System Act (Act), is administered by the Pennsylvania Department of Health's (DOH) Bureau of Emergency Medical Services (Bureau).<sup>15</sup> Seventy-five percent of the monies of EMSOF are to be allocated to eligible state and regional emergency medical services (EMS) councils and the State Advisory Board (Board).<sup>16</sup>

For the fiscal years ended (FYE) June 30, 2018, 2019, 2020, and 2021, the state had 13 regional EMS councils and the Board. The Board serves as an independent advisory body to DOH and all other appropriate agencies on matters pertaining to emergency medical service duties imposed under the Act.<sup>17</sup> Additionally, the Board assists state and regional EMS councils, as well as other contractors and grantees, in the development, maintenance, and improvement of the EMS systems.

DOH disbursed a total of \$34.8 million from EMSOF to the regional EMS councils and the Board during the four-year period July 1, 2017, through June 30, 2021, for the EMS program DOH executes annual grant agreements with each council and directs various responsibilities and duties to include, but not limited to, the following:

- Develop and annually update a Comprehensive Regional EMS System Plan.
- Collect, maintain and report patient care data to DOH.
- Submit a Comprehensive Annual Report to DOH.
- Organize, maintain, implement, expand and improve the EMS system within the region.
- Monitor the delivery of emergency medical care, medical facilities and pre-hospital personnel.
- Provide training programs to EMS personnel.

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<sup>15</sup> 35 Pa.C.S. § 8153(a). EMSOF was created by Act 37 of 2009, as amended, which repealed and, with limited exception, continued the prior act - Act 45 of 1985, as amended.

<sup>16</sup> 35 Pa.C.S. § 8153(c).

<sup>17</sup> Under the Act, the "Board" is defined as, "[t]he State Advisory Board, which is the Board of Directors of the Pennsylvania Emergency Health Services Council" composed of up to 30 volunteer, professional, and paraprofessional organizations. *See* 35 Pa.C.S. §§ 8103 and 8108(a). The Pennsylvania Emergency Health Services Council's "Board of Directors was recognized as the official EMS advisory body to the Pennsylvania Department of Health through the Emergency Medical Services Act of 1985 [Act 45] and was reauthorized by Act 37 of 2009." *See* [https://pehsc.org/wp-content/uploads/2022/09/PEHSC-FY-2021-2022-Annual-Report\\_Final.pdf](https://pehsc.org/wp-content/uploads/2022/09/PEHSC-FY-2021-2022-Annual-Report_Final.pdf) (accessed March 6, 2023).

## A Performance Audit

### Pennsylvania Department of Health Emergency Medical Services Operating Fund

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- Assist regional pre-hospital providers (PHP) and ambulance services to meet DOH's licensure, certification, and continuing education requirements.<sup>18</sup>

DOH management is responsible for implementing an effective internal control system to manage risk, promote accountability, and prevent and detect instances of error, fraud, and/or abuse of EMSOF dollars. An internal control system includes the policies, procedures, and oversight activities used to safeguard assets. Internal controls ensure the reliability and integrity of financial information, compliance with laws and regulations, and promote efficient and effective operations. Program management is responsible for maintaining an adequate system of internal controls and communicating the expectations and duties to staff as part of a control environment.

The Department of the Auditor General conducted three prior performance audits of DOH's administration of EMSOF covering periods beginning July 1, 2010, that were released on February 27, 2014, December 21, 2015, and July 2, 2018.<sup>19</sup> Each audit identified and reported significant control weaknesses that have remained **uncorrected** since the program's inception and through the current audit period ending June 30, 2021. Based on our current review of documents and interviews conducted with DOH management, we found that DOH implemented some corrective action. The Bureau provided written policies and procedures for its monitoring of councils' annual reports and audit reports, and it provided documentation of training conducted in September 2019 for its staff members regarding internal controls.

The Bureau, however, continues to lack adequate internal controls over EMSOF dollars distributed to EMS councils and the Board. We identified the following deficiencies:

- DOH failed to designate sufficient resources to effectively monitor EMSOF.
- DOH failed to adequately monitor and question potential misuse of EMS operating fund expenditures (see Finding #2).
- DOH failed to adequately review annual reports for completeness and accuracy (see Finding #3).

The Bureau developed operating procedures but lacked adequate oversight, implementation, and enforcement of the procedures. Regarding oversight of expenditures, Bureau management stated it "is woefully understaffed and inexperienced with many areas of the requirements of audits and the processes" to adequately monitor EMSOF. Without proper oversight and adequate

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<sup>18</sup> 35 Pa.C.S. § 8109(c) and 28 Pa. Code § 1021.104 (adopted October 2013).

<sup>19</sup> The audit report dated February 27, 2014, covered the period July 1, 2010, through June 30, 2012. The audit report dated December 21, 2015, covered the period July 1, 2012, through June 30, 2014. The audit report dated July 2, 2018, covered the period July 1, 2015, through June 30, 2017.

## **A Performance Audit**

### **Pennsylvania Department of Health Emergency Medical Services Operating Fund**

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monitoring of EMSOF, a significant risk of abuse of state funds and the potential for fraud exists. Additionally, DOH has very limited assurance that EMSOF dollars were spent in accordance with applicable law and regulations.

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#### **Recommendations for Finding 1**

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We recommend that DOH:

1. Develop a monitoring tool to adequately monitor the EMS program to ensure it is effectively overseeing EMSOF and its purpose.
2. Train Bureau staff annually on its responsibility to ensure that an effective internal control system is in place, is operating effectively, and is updated as needed.
3. Consider working with staff in the Bureau of Family Health or a third party to assess and implement an effective internal control system.
4. Evaluate whether additional staff are needed and, if necessary, request an increase in the Bureau's complement.

## A Performance Audit

### Pennsylvania Department of Health Emergency Medical Services Operating Fund

#### **Finding 2 – The Department of Health failed to adequately monitor and question potential misuse of EMS operating fund expenditures.**

The Pennsylvania Department of Health (DOH) met the requirement to allocate seventy-five percent of the funds in the Emergency Medical Services Operating Fund (EMSOF) to the 13 regional emergency medical services (EMS) councils and the Pennsylvania Emergency Health Services Council (PEHSC) for the improvement of the EMS system. Expenditures include ambulance and communication equipment, as well as training, education, and EMS agency licensure purposes.<sup>20</sup> DOH's Bureau of Emergency Medical Services (Bureau) administers the EMS system.

The following table lists each fiscal year's appropriation as well as the total amount of revenues and expenditures for the fiscal years ended June 30, 2018, 2019, 2020, and 2021.

Emergency Medical Services Fund Fiscal Year Ended June 30,				
	2018	2019	2020	2021
Total Appropriation <sup>21</sup>	\$ 9,400,000	\$ 9,575,000	\$ 10,450,000	\$ 9,200,000
Total Revenues <sup>22</sup>	\$ 8,468,853	\$ 8,487,915	\$ 7,712,883	\$ 6,670,157
Total Expenditures	\$(8,899,465)	\$(9,219,119)	\$(8,687,496)	\$(7,971,261)

Source: Commonwealth's SAP accounting system.

To ensure the EMS councils are achieving their tasks as set forth in the grant agreements, DOH must have adequate oversight and monitoring procedures in place. Of the \$38.6 million in EMSOF appropriations available during the audit period, \$34.8 million was disbursed to the 13 regional EMS councils and PEHSC to assist them in administering the Commonwealth's EMS system.

Under Section 8112 of the Emergency Medical Services System Act (Act), EMSOF dollars are permitted to be used for the purposes of providing EMS programs of public education, information, health promotion, and prevention, as well as costs associated with training programs for EMS providers.<sup>23</sup> EMSOF dollars are also allowed to be used for costs associated with the maintenance and operation of the EMS councils and assisting EMS agencies to recruit and retain EMS providers.<sup>24</sup>

<sup>20</sup> 35 Pa.C.S. § 8153(c)(3).

<sup>21</sup> An appropriation is an authorization by the Governor and legislature that represents the prescribed limit on spending within a specified time frame.

<sup>22</sup> Total revenues each fiscal year represent 75% of the revenue in EMSOF allocated for EMS.

<sup>23</sup> 35 Pa.C.S. § 8112(c)(1), (3).

<sup>24</sup> 35 Pa.C.S. § 8112(c)(7), (9).



## **A Performance Audit**

### **Pennsylvania Department of Health Emergency Medical Services Operating Fund**

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DOH management stated that it has not provided any further guidance to EMS councils regarding what is considered allowable purchases within these broad categories as provided for under the Act. As a result, EMS councils are left to interpret these categories on their own, creating the potential for inconsistent and questionable use of funds. In the section that follows, we describe several questionable purchases during our review of receipts that without more restrictive guidance increases the risk for the misuse or abuse of funds.

PEHSC and each of the regional EMS councils submit a summary level invoice to DOH for reimbursement of expenditures monthly, or the Bureau constructs the monthly invoice for a 1/12 payment of the grant. The invoice includes expenditure categories such as personnel services, subcontract services, supplies, and travel. Additionally, pre-hospital provider (PHP) services and equipment are required to be pre-approved by DOH.<sup>25</sup>

In order to evaluate DOH's oversight on EMSOF expenditures, we performed the following procedures:

- Evaluated DOH's quarterly monitoring of EMS councils' EMSOF expenditures.
- Reviewed 60 invoices that DOH paid to the EMS councils during the fiscal years ended June 30, 2018, 2019, 2020, and June 30, 2021.
- Evaluated whether funds spent for PHP services and equipment were properly pre-approved by the Bureau.

The results of our procedures are described in the sections that follow.

#### **Evaluation of DOH's quarterly monitoring of EMS councils' EMSOF expenditures.**

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The Bureau implemented a procedure in January 2018 requiring the regional EMS councils and the PEHSC to submit receipts monthly that support their invoices. In the first quarter of the fiscal year ended June 30, 2019, the former Bureau Director also implemented procedures to review receipts supporting one invoice for one EMS council each quarter. During the four-year audit

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<sup>25</sup> A pre-hospital provider is an EMS agency that engages in the business or service of providing emergency medical services to patients within the Commonwealth by operating an ambulance, advanced life support squad vehicle, basic life support squad vehicle, quick response service, special operations EMS service, or a vehicle or service which provides emergency medical services outside of a health care facility. *See* 35 Pa.C.S. § 8103.

## **A Performance Audit**

### **Pennsylvania Department of Health Emergency Medical Services Operating Fund**

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period, the Bureau reviewed a total of 12 invoices during our four-year audit period July 1, 2017, through June 30, 2021.<sup>26</sup>

For these 12 invoices reviewed by the Bureau, we attempted to re-perform the Bureau's procedures. We found that only three invoices included receipts which supported the respective invoices. The other nine were missing the invoice and/or receipts.

Based on the lack of reconciliation between invoices and corresponding receipts and the lack of evidence documenting what the Bureau's review of the receipts entailed, other than a signed "Source Documentation Review Form," we inquired further. The Bureau Director indicated that invoices will not always match the source documentation and that DOH relies on the annual audit of the grants conducted by external firms. However, we found as a result of our review that this reliance on the annual audits is not adequate to ensure costs are appropriate.

In fact, we found receipts for the following questionable expenditures:

- High heel shoes with a handwritten comment that it was for a "uniform."
- Hotel expenses and food purchases on credit card statements, without supporting receipts from vendors or explanation for the expenses.
- State sales tax for tax-exempt EMS councils.

Additionally, we found a handwritten document of expenditures with no receipts, and receipts for refunds with no indication of reconciliation to properly account for the refunds.

When we inquired about these questionable expenditures and the review performed by the Bureau, the current Bureau director indicated that since the procedures and steps taken by the former director were not documented, it is not clear as to what review steps or process(es) were used; some of the items should have been questioned, and other items like the high heels would not have been flagged as it is a reasonable expense for uniformed responders. Additionally, it was noted that it is "unknown as to what level of experience the previous Bureau Director had as it relates to auditing and experiences" needed to perform adequate oversight.<sup>27</sup>

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<sup>26</sup> For the four-year audit period, the Bureau reviewed 1 invoice per quarter for the latter three fiscal years, resulting in 12 reviews.

<sup>27</sup> In February 2022, prior to completing our audit, the Bureau Director resigned. Note, however, that his resignation was subsequent to the audit period.

## A Performance Audit

### Pennsylvania Department of Health Emergency Medical Services Operating Fund

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#### **Review of 60 EMSOF invoices that DOH paid to the EMS councils during the fiscal years ended June 30, 2018, 2019, 2020, and June 30, 2021.**

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Beyond evaluating the Bureau's quarterly monitoring of EMS council invoices, we judgmentally selected 60 additional invoices to review. Our selection included invoices from each of the 13 councils and PEHSC for each of the four fiscal years ended June 30, 2018, 2019, 2020, and 2021, totaling \$3.1 million of the \$34.8 million disbursed by DOH.

Based on the results of our review of the 60 selected invoices, we found only 11 invoices were adequately supported with reasonable documentation for appropriate expenditures. We received no support for 21 invoices and the remaining 28 invoices either had receipts for less than the invoice amount or the receipts provided did not contain adequate support or justifications for the expenditures. The following are examples of receipts for expenditures that when we inquired, the current Bureau Director admitted are questionable as to how the expenditures relate to the grant agreement and the needs of the EMS council:

- Credit card statements with little to no detail as to what was purchased. Credit card expenditures included charges to restaurants, hotels, and other types of entities without details and/or receipts to those charges. For instance, one receipt included the total charge of \$984 to *Ace the Party Place* with no further documentation or explanation.
- Cell phone allowances with no indication of how the allowance amounts are determined for appropriateness. For instance, one cell phone allowance was \$70 per month, and another was \$100 per month.
- Farewell party reimbursement for a *Sam's Club* purchase on a credit card of \$288 with no further explanation.
- Rent for an office for \$10,193 per month and a utility expense of \$1,000 with no supporting lease agreement or utility bills.
- Food for a council meeting including pizza, salad, potato chips, and drinks totaling \$155.
- Catering for an event hosting 30 individuals at a cost of \$356 for hotdogs, baked beans, coleslaw, and Rice Krispies Treats<sup>TM</sup> for a lunch meeting.

## **A Performance Audit**

### **Pennsylvania Department of Health Emergency Medical Services Operating Fund**

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- Cake, two cards, and a tablecloth for \$62 for a party.
- Maintenance for an EMS council's vehicles.<sup>28</sup>

In addition to indicating that the above expenditures would have been questioned, with regard to food purchases, the Bureau Director stated that additional guidance on what is allowable for food purchases has not been provided to the EMS councils.

Based on our results of finding questionable and unallowable expenditures, the Bureau should further strengthen its procedures to review supporting receipts before paying the EMS councils based only on summary level invoices to ensure expenditures are appropriate and to reduce the risk of misuse of funds.

### **Evaluation of funds spent for PHP services and equipment were properly pre-approved by the Bureau.**

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Any funds that a regional EMS council distributes to EMS agencies, known commonly as pre-hospital providers, must be approved by the Bureau Director prior to approving a regional EMS council's invoice for payment.<sup>29</sup> The regional EMS councils submit a "Provider Equipment Request" (request) form to DOH for review and approval. The request form consists of a list of items to be purchased by the pre-hospital providers within the region along with the quantity, unit price, total cost, and amount of EMSOF dollars requested.

Of the 60 regional EMS council invoices we selected for review as referenced above, 9 invoices included pre-hospital provider costs totaling approximately \$350,000. We obtained the request forms to verify whether all items or services purchased were requested and approved by the Bureau prior to paying the invoice. We also obtained supporting documents, such as invoices or receipts, from the regional EMS councils to verify the items or services purchased were reasonable and allowable pursuant to law and regulations. Based on our review, we did not identify any expenditures that were for unallowable items; however, we found the following weaknesses:

- Two invoices did not have the pre-approved PHP request form.
- One invoice did not have any supporting documentation or receipts.

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<sup>28</sup> 28 Pa. Code § 1021.24(c)(3), states, in part, "[f]unds appropriated to the Department from the EMSOF will not be made available for ... [m]aintenance of ambulances, other EMS vehicles and equipment."

<sup>29</sup> An EMS agency is an entity that engages in the business or service of providing emergency medical services to patients within the Commonwealth by operating an ambulance, advanced life support squad vehicle, basic life support squad vehicle, quick response service, special operations EMS service, or a vehicle or service which provides emergency medical services outside of a health care facility. *See* 35 Pa.C.S. § 8103.

## **A Performance Audit**

### **Pennsylvania Department of Health Emergency Medical Services Operating Fund**

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- One invoice included supporting documentation for less than the amount approved and paid.

Our review disclosed that although the Bureau pre-approved PHP expenditures, it still lacks adequate internal controls to properly support disbursements made from EMSOF.

In summary, based on our review of the Bureau's limited monitoring and the regional EMS councils' questionable expenditures, the Bureau needs to ensure the regional EMS councils are spending the grant funds wisely, appropriately and in accordance with the purposes permitted by the Act and its associated regulations.<sup>30</sup> Additionally, in order to adequately administer EMSOF, DOH must ensure its internal controls over EMSOF expenditures serve to adequately deter, detect, and prevent errors, abuse, and/or fraud from occurring.

### **Recommendations for Finding 2**

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We recommend that DOH:

1. Develop and implement formal procedures to adequately review and document the appropriateness of regional EMS council expenditures, including, but not limited to:
  - a. Verify and review reconciliations performed by the regional EMS councils to ensure receipts support invoices.
  - b. Require regional EMS councils to submit monthly lists of expenses to include a description, a justification, and amount of the expense.
  - c. Require regional EMS council personnel to certify that they have reviewed and approved all expenses and the costs are eligible pursuant to DOH regulations.
  - d. Ensure all pre-hospital provider requests are pre-approved and the documentation is retained with the corresponding invoices.
2. Develop a detailed policy and conduct training for the regional EMS councils on uses and restrictions of EMSOF dollars for each category enumerated in the Act.
3. Develop and implement detailed procedures to adequately monitor regional EMS councils' invoices and receipts on a sample basis to ensure EMSOF dollars are spent in accordance with the purposes of the Act.

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<sup>30</sup> 28 Pa. Code Part VII, Subpart A., Chapter 1021 (relating to Administration of EMS System); *see also* 28 Pa. Code § 1021.24.

## A Performance Audit

### Pennsylvania Department of Health Emergency Medical Services Operating Fund

#### **Finding 3 – The Department of Health failed to adequately review annual reports for completeness and accuracy.**

Pennsylvania’s Emergency Medical Services (EMS) system includes 13 regional EMS councils that assist the Pennsylvania Department of Health (DOH) in assuring the availability of training programs for EMS providers, collecting standardized patient care data, and other activities contributing to the achievement of system goals.<sup>31</sup> Additionally, the state advisory board, Pennsylvania Emergency Health Services Council (PEHSC), advises DOH concerning, among others, staffing, training, communications, EMS agencies, and the content of regulations, standards, policies, and the Statewide EMS system plan issued by DOH.<sup>32</sup> Regulations require that the 13 regional EMS councils and PEHSC submit annual reports to DOH no later than 30 days after the end of the fiscal year as follows:

Regional EMS Required Information <sup>33</sup>	PEHSC Required Information <sup>34</sup>
Financial statement of income and expenses	Financial statement of income and expenses
Statement disclosing the names of officers and directors	Statement disclosing the names of officers and members of the Advisory Board
Activities and accomplishments of the preceding year	Activities and accomplishments of the preceding year

*Source: Created by Department of the Auditor General staff.*

For the fiscal year ended June 30, 2021, we assessed whether: (1) DOH obtained, tracked, and reviewed the annual reports; and (2) the annual reports contained the above information.

Our results found that while DOH’s Bureau of Emergency Medical Services (Bureau) implemented a tracking system; updated the report template and internal procedures for the information required; and started a review process that is documented; the Bureau’s review was cursory and inadequate regarding completeness and accuracy. DOH’s review checklist consisted of the following items:

<sup>31</sup> 35 Pa.C.S. § 8109(c).

<sup>32</sup> 35 Pa.C.S. § 8108(b).

<sup>33</sup> 28 Pa. Code § 1021.103(d). This subsection provides as follows, in part: “The governing body shall make available to the public an annual report *no later than 30 days after the end of the fiscal year*. This requirement may be met by posting the annual report on the regional EMS council’s web site. The governing body also shall provide the Department with an electronic or hard copy of the annual report within the *same time frame...*” (Emphases added.)

<sup>34</sup> 28 Pa. Code § 1021.121(d). DOH’s contract with PEHSC requires that the annual report must be submitted to DOH within 60 calendar days of the end of the fiscal year.

## **A Performance Audit**

### **Pennsylvania Department of Health Emergency Medical Services Operating Fund**

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1. Were any deficiencies noted in the review?
2. Were the following items present in the annual report:
  - a. Activities and accomplishments
  - b. Financial statement of income and expenses
  - c. Statement disclosing the names of officers and directors
3. Is the annual report available to the public on an appropriate website?

As part of our audit procedures, we reviewed each annual report submitted to DOH for FYE June 30, 2021, to ensure information contained in the annual reports appeared to be reasonable. Based on our review of these reports and follow up inquiries made to Bureau management, we noted the following deficiencies in DOH's procedures:

1. DOH did not confirm that the grant amount listed in the annual report was the correct grant amount. For one report, the report listed a grant amount of \$791,678 rather than the correct amended grant amount of \$790,678.

According to the Bureau director, the grant amount is reviewed; however, the amount is not verified to the actual grant. The Bureau only focused on completion of the annual report, not its accuracy.

2. DOH did not follow-up on deficiencies noted during its review, including three regional EMS councils not having the respective report accessible on the website as required, and one regional EMS council not including sufficient expenditure information detailing the use of EMS funds in the financial section of their reports.

According to the Bureau director, after the initial review and follow-up attempt, if any, further action was not taken to address deficiencies with the respective regional EMS councils largely due to the Bureau having insufficient staff and resources.

While we acknowledge the Bureau updated the internal policy and templates for the annual reports and implemented a tracking and review process, the Bureau needs to further strengthen its review to ensure the information included in the annual reports is accurate as provided to the public and as required by regulations. Additionally, these reports serve as a tool of accountability after the year-end period but prior to the required audit. The EMS councils should have accurate grant information and sufficient estimates of expenditures to complete these reports.

## **A Performance Audit**

### **Pennsylvania Department of Health Emergency Medical Services Operating Fund**

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#### **Recommendations for Finding 3**

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We recommend that DOH:

1. Improve its process for review of the annual reports to ensure the information is complete, accurate, and in compliance with regulations, contract/grant agreements, and DOH internal policies.
2. Follow-up on deficiencies found in the annual reports to ensure information made available to the public is complete and accurate.



## A Performance Audit

### Pennsylvania Department of Health Emergency Medical Services Operating Fund

#### **Audit Procedures and Results – The Department of Health’s Head Injury Program complied with law and regulations.**

Twenty-five percent of the money in the Emergency Medical Services Operating Fund (EMSOF) is allocated to the Catastrophic Medical and Rehabilitation Fund to administer the Head Injury Program (HIP) which pays for medical, rehabilitation, and attendant care services for persons with traumatic brain injury.<sup>35</sup> The Bureau of Family Health within the Pennsylvania Department of Health (DOH) administers HIP.

The following table lists each fiscal year appropriation as well as the total amount of revenues and expenditures that were subject to audit:

Catastrophic Medical Rehabilitation Fund Fiscal Year Ended June 30				
	2018	2019	2020	2021
Total Appropriation <sup>36</sup>	\$4,500,000	\$4,500,000	\$4,300,000	\$4,100,000
Total Revenues <sup>37</sup>	\$2,822,951	\$2,829,305	\$2,570,961	\$2,223,386
Total Expenditures	\$3,326,508	\$3,021,082	\$3,486,249	\$2,294,905

Source: Commonwealth’s SAP accounting system.

To determine whether DOH ensured the revenues and expenditures of EMSOF are adequately supported, properly accounted for, and used for their intended purposes as specified by law and regulations, we performed audit procedures on the revenues and expenditures of the Head Injury Program.

Our audit included analytical procedures to analyze fund activity, detail substantive procedures on a selection of items to test revenue and expenditure transactions, evaluation and testing of management internal controls, and consideration of the results of audit work performed by the Department of the Auditor General’s Bureau of County Audits.<sup>38</sup> The Bureau of County Audits performs examinations of the revenues and receipts of various county offices which include the dollars remitted to the state by law to EMSOF.

Based on the results of our testing, we did not identify any weaknesses in the management controls, misstatements of financial information, or noncompliance with applicable law and regulations.

<sup>35</sup> See 35 Pa.C.S. § 8153(d) relating to the “Allocation to Catastrophic Medical and Rehabilitation Fund”.

<sup>36</sup> An appropriation is an authorization by the Governor and legislature that represents the prescribed limit on spending within a specified time frame.

<sup>37</sup> Total revenues for each fiscal year represent 25% of revenue in EMSOF allocated for the HIP program.

<sup>38</sup> Refer to *Appendix A* of this report for a detailed description of our audit procedures.

## A Performance Audit

### Pennsylvania Department of Health Emergency Medical Services Operating Fund

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#### Status of Prior Audit Findings

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#### **Prior Finding 1 - The Department of Health continued to ineffectively administer the Emergency Medical Services Operating Fund and failed to correct past significant weaknesses in its internal controls. (Partially Resolved)**

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In our prior audit released on July 2, 2018, we found that the Pennsylvania Department of Health (DOH) failed to correct significant control weaknesses identified in the prior performance audits released on February 27, 2014, and December 21, 2015. We found that DOH continued to lack adequate internal controls over Emergency Medical Services Operating Fund (EMSOF) dollars distributed to emergency medical services (EMS) councils.

We recommended that DOH:

- (1) Develop written Bureau policies and procedures. These procedures should include, but not be limited to:
  - (a) Review of EMS council invoices and equipment requests,
  - (b) Review of EMS council financial statement audit reports,
  - (c) Review of EMS council Annual Reports, and
  - (d) EMS council on-site monitoring;
- (2) Conduct program monitoring of each EMS council on a periodic or rotating basis;
- (3) Develop a monitoring tool to perform and document the monitoring as well as train appropriate staff. These monitoring procedures should include the following:
  - (a) Create a methodology for how often/when EMS councils are monitored,
  - (b) Establish minimum requirements for satisfying the steps on the monitoring tool,
  - (c) Require documentation to demonstrate the monitoring steps are satisfied, and
  - (d) Require a supervisor to review and document their approval of the results/conclusions of the program monitoring;

## A Performance Audit

### Pennsylvania Department of Health Emergency Medical Services Operating Fund

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- (4) Establish and document an effective internal control system that encompasses all program operations;
- (5) Train Bureau staff on its responsibility to ensure that an effective internal control system is in place, operating effectively, and updated as needed;
- (6) Utilize the Management Directive 325.12 “Standards for Internal Controls in Commonwealth Agencies” (effective July 1, 2015, as amended October 1, 2021) for guidance on establishing and maintaining an effective internal control system; and
- (7) Evaluate whether additional staff are needed and, if necessary, request an increase in the Bureau’s complement.

#### Status as of this audit

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DOH management did not fully or adequately implement our prior audit recommendations to monitor the EMS funds distributed to EMS councils. Our current evaluation and recommendations can be found in **Finding #1** of our current audit report.

#### **Prior Finding 2 - The Department of Health failed to validate EMS operating fund expenditures, creating an opportunity for misuse of state funds. (Partially Resolved)**

In our prior audit, we found that DOH did not obtain any source documents to substantiate summary level invoices submitted by the state and regional EMS councils and paid by DOH. Additionally, DOH did not document its approval for payment of all summary level invoices. Further, in relation to pre-hospital provider (PHP) equipment purchases, we found DOH management was approving requests for equipment that in some cases did not reconcile with the actual items purchased, and management failed to ensure compliance with the maximum allowable costs for those purchases from PA Bulletin Notices.

We also found that DOH did not provide the regional EMS councils with guidance regarding what is considered allowable purchases within the broad categories of the law, and as a result, the regional EMS councils were left to interpret these categories on their own.

We recommended that DOH: (1) Review, approve, and document approval of all invoices prior to payment, (2) Design and implement procedures to determine and document whether a provider is considered rural or non-rural and ensure EMSOF monies are not used for more than the respective 50 or 60 percent of the maximum allowable cost as outlined annually in the *PA*

## A Performance Audit

### Pennsylvania Department of Health Emergency Medical Services Operating Fund

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*Bulletin Notice*, (3) Review, approve, and document approval of all PHP and equipment requests prior to paying the corresponding regional EMS council invoices, (4) Require all regional EMS councils to document and retain receipts to support all purchases using EMSOF dollars, (5) Develop and implement procedures to review and document the appropriateness of EMS council expenditures, at least on a sample basis, and (6) Develop a detailed policy identifying the uses and restrictions of EMSOF dollars for each category enumerated in the Act.

#### Status as of this audit

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DOH management implemented procedures to address our prior finding recommendations; however, based on our current audit procedures, we found DOH's procedures do not adequately resolve the issues, nor do they provide adequate oversight of the EMS councils' expenditures. The following is a summary of the status of our prior finding recommendations listed above:

1. DOH implemented a policy to review, approve, and document approvals of the EMS councils' monthly invoices. We found that all invoices we reviewed were properly approved by DOH prior to payment. This recommendation, therefore, has been adequately addressed.
2. DOH eliminated the cost-sharing requirements for rural versus non-rural for the councils, and therefore, this recommendation is no longer applicable.
3. DOH implemented approvals for PHP and equipment requests; however, we found two out of nine PHP and equipment invoices tested did not have the applicable PHP approval form and/or supporting documentation. We will address this issue in the **current Finding #2**.
4. DOH implemented a policy in January 2018 that requires the EMS councils to upload all receipts to DOH on a monthly basis. Our audit found that this requirement, although labor intensive for the EMS councils, is not being monitored or enforced by DOH. Our prior audit recommendation that EMS councils document and retain receipts to support all purchases using EMSOF dollars is still prudent for DOH to adequately monitor EMSOF. The results of our review of EMS councils' invoices and supporting documentation is detailed in the **current Finding #2**.
5. DOH started monitoring expenditures September 2018; however, this monitoring entailed review of only one monthly invoice for only one EMS council per quarter. Therefore, this only resulted in DOH reviewing receipts for 4 invoices for 4 EMS councils per fiscal year. We further found that this review was cursory in which we noted examples of questionable expenditures not noted by DOH. See our evaluation and results described in detail in the **current Finding #2**.

## A Performance Audit

### Pennsylvania Department of Health Emergency Medical Services Operating Fund

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6. DOH did not provide any further guidance to the EMS councils for the appropriate uses and restrictions of EMSOF dollars beyond the annual PA Bulletin. Therefore, this recommendation is reiterated in the **current Finding #2**.

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#### **Prior Finding 3 – The Department of Health failed to ensure that state and regional EMS councils submitted audit reports in compliance with its contract/grant agreement provisions. (Resolved)**

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In the prior audit released July 2018, we found that DOH's grant agreements with its state and regional EMS councils required each EMS council to have a program-specific audit performed when any EMS state funds are expended during the state fiscal year. Our prior audit found that DOH did not adequately enforce the program specific audit requirement of EMS state funds and did not receive audit reports for 12 of the 30 audits performed during our prior audit period. For the 18 audit reports received, DOH adequately performed and documented its review procedures in compliance with its policy for 15 of the audits but failed to review the remaining 3 audit reports.

Since DOH did not validate the appropriateness of expenditures or perform onsite monitoring of the EMS councils, DOH placed reliance upon these audits. However, since DOH did not consistently receive and review the audit reports, DOH had limited assurance that the state funds were spent on allowable costs.

We recommended that DOH (1) Ensure each EMS council annually submits a program-specific audit within 120 days after the end of the state fiscal year in accordance with its contract/grant agreement provisions; (2) Review and accept each program-specific audit, including acceptance of a corrective action plan (if applicable); (3) Document the results of its procedure to verify that all external audit firms conducting the program-specific audits are qualified and properly licensed; and (4) Ensure the contract/grant agreements reference the current DOH Audit Requirements Policy.

#### **Status as of this audit**

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We found that DOH took steps to implement each of our four prior audit recommendations and that management adequately monitored the state and regional EMS councils' audit reports for fiscal years ended June 30, 2020, and June 30, 2021.<sup>39</sup>

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<sup>39</sup> We reviewed the most recent fiscal year's audit report available for the 13 regional EMS councils and the state advisory board, the Pennsylvania Emergency Health Services Council. We also selected and reviewed two additional audit reports for fiscal year ended June 30, 2020.

## **A Performance Audit**

### **Pennsylvania Department of Health Emergency Medical Services Operating Fund**

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We found DOH:

- Tracked and ensured EMS council financial statement audits were submitted timely (i.e., within 120 days of the end of the state's fiscal year as per the DOH Audit Requirements Policy).
- Verified funds were suspended for an EMS council that was late on submitting its audit.
- Performed a comprehensive review of the annual audits and concluded the review with an acceptance letter to the EMS councils, including a corrective action plan if applicable.
- Verified all EMS council financial statement audits were conducted by a licensed CPA firm.
- Included updated audit requirements in the contracts/grant agreements with EMS councils.

Based on these procedures, our recommendations were implemented and the prior audit finding is resolved.

#### **Prior Finding 4 – The Department of Health failed to review regional EMS council annual reports, which led to the majority not being in compliance with regulations and grant agreements. (Partially Resolved)**

In our prior audit released July 2018, we found that DOH management obtained all annual reports required to be submitted to DOH by the regional EMS councils, but DOH management admittedly failed to adequately review. In addition, we found that with the exception of the state advisory board, Pennsylvania Emergency Health Services Council (PEHSC), only three of the 28 regional councils' annual reports reviewed were in compliance with applicable regulations and grant agreements.

We recommended that DOH: (1) Ensure the regional EMS council grant agreements and DOH internal policy, regarding the information to be included in the annual reports, are consistent and in compliance with regulations; (2) Track the receipt of the regional EMS council annual reports to ensure that all annual reports have been submitted and retain the tracking document; (3) Review annual reports on a timely basis to ensure the information is complete, accurate, and in compliance with regulations, contract/grant agreements, and DOH internal policies; (4) Develop written standard operating procedures to ensure that DOH staff consistently review annual

## **A Performance Audit**

### **Pennsylvania Department of Health Emergency Medical Services Operating Fund**

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reports and document the review process; and (5) Consider aggregating annual report information to assist in monitoring the regional EMS councils and the overall statewide program.

#### **Status as of this audit**

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DOH management has implemented procedures to track and review the annual reports submitted by regional councils; however, we found that DOH's review was cursory and inadequate regarding completeness and accuracy. See these issues addressed in **current Finding #3**.

## **A Performance Audit**

### **Pennsylvania Department of Health Emergency Medical Services Operating Fund**

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#### **Pennsylvania Department of Health's Response and Auditor's Conclusion**

We provided copies of our draft audit findings and status of prior findings and related recommendations to the Pennsylvania Department of Health (DOH) for its review. On the pages that follow, we included DOH's response in its entirety. Following the agency's response is our auditor's conclusion.



## A Performance Audit

### Pennsylvania Department of Health Emergency Medical Services Operating Fund

## Audit Response from the Pennsylvania Department of Health



COMMONWEALTH OF PENNSYLVANIA  
OFFICE OF THE SECRETARY OF HEALTH

April 10, 2023

Scott D. King, CPA  
Director, Bureau of Performance Audits  
Department of the Auditor General  
302 Finance Building  
Harrisburg, Pennsylvania 17120-0018  
[sking@paauditor.gov](mailto:sking@paauditor.gov)

Dear Mr. King:

The Department of Health (DOH) and the Bureau of Emergency Medical Services (BEMS) thank the Department of the Auditor General for their work regarding the performance audit of the Emergency Medical Services Operating Fund (EMSOF) covering the period of July 1, 2017, through June 30, 2021, and for providing recommendations on how to improve its oversight and administration.

#### Overall Response to Findings

The new leadership at DOH and BEMS are committed to addressing the issues identified in these audits, and BEMS has already developed and initiated implementation of many of the previous and current recommendations from both the 2018 audit and the current audit. To strengthen the administrative oversight and implement the recommendations contained herein, BEMS is updating contractual agreements to strengthen submission and review requirements associated with reimbursement. BEMS will implement additional internal controls to strengthen contractual processing and review procedures.

Additionally, because of the 2018 audit, BEMS developed several policies and procedures to address various oversight and monitoring concerns outlined in the recommendations. Unfortunately, these policies and procedures were not adequately implemented due to change in leadership and COVID-19. However, the new BEMS Director and DOH leadership are reviewing the previously developed policies and will ensure they are fully implemented to address the audit recommendations.

Also, DOH has requested funding in the SFY 23-24 Executive Budget to support the creation of a contract compliance division within DOH's Budget Office. Among other duties this division will develop agency-wide monitoring policies, procedures, and tools for vendor contracts. These policies will include guidance on ensuring fiscal contract language is clear and comprehensive and that there are procedures for verification and review of invoices and expenditures and standards for reconciliation. Contract compliance staff will oversee and guide program staff to implement fiscal certifications and invoice/expense reconciliations. In some cases, the contract compliance division will perform or oversee financial reconciliations.

## A Performance Audit

### Pennsylvania Department of Health Emergency Medical Services Operating Fund

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COMMONWEALTH OF PENNSYLVANIA  
OFFICE OF THE SECRETARY OF HEALTH

While the Emergency Medical Services System Act and the 28 Pa. Code Chapter 1021 regulations do not outline audit requirements for the regional EMS councils, DOH and BEMS understand the necessity for and value of auditing the EMS councils. DOH and BEMS recognize the need to improve administration of the EMSOF, which will include implementing strategies to apply accountability and oversight to our contracted partners within the 13 regional EMS councils and the Pennsylvania Emergency Health Services council (PEHSC).

#### Specific Responses to Findings

**Finding 1:** The Department of Health continued to ineffectively administer the Emergency Medical Services Operating Fund and failed to correct past significant weaknesses in its internal controls.

**Recommendation 1:** Develop a monitoring tool to adequately monitor the program to ensure it is effectively overseeing EMSOF and its purpose.

**DOH Response:** DOH concurs with this recommendation. While BEMS created and published *B04-420-06-01-10.18 Receipt and Review of Council Annual Reports on October 24, 2018*, and *B04-420-06-01-07.19 Contract Monitoring Program for Regional EMS Councils and State Advisory Board on July 1, 2019*, implementation of both policies has been hampered by a change in leadership within BEMS and DOH's response to COVID-19. In the process of continued improvement and response to audit findings, BEMS has engaged grants management staff from the Bureau of Emergency Preparedness and Response (BEPR) to review and assist in developing monitoring tools and programs. BEPR staff have extensive experience in monitoring multiple contracts and grants with 11 local health departments across the Commonwealth.

In addition, as part of the 2023-24 Governor's Executive Budget, DOH has requested funding to support the creation of a contract compliance division within the DOH Budget Office. This division, among other duties, will develop agency wide monitoring policies, procedures, and resources. The higher-level monitoring will be performed by specialized trained compliance staff and any monitoring delegated to program offices will be led and overseen by this staff.

**Recommendation 2:** Train BEMS staff annually on its responsibility to ensure that an effective internal control system is in place, operating effectively, and updated as needed.

**DOH Response:** DOH concurs with this recommendation. BEMS is committed to developing training to educate BEMS staff in administrative and internal control best practices.

Once established, the contract compliance division within the DOH Budget Office will perform a gap analysis to review internal controls across DOH with the goal of identifying and mitigating

## A Performance Audit

### Pennsylvania Department of Health Emergency Medical Services Operating Fund

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COMMONWEALTH OF PENNSYLVANIA  
OFFICE OF THE SECRETARY OF HEALTH

gaps. In addition, the division will implement DOH-wide internal control policies, procedures, and testing tools. The higher-level monitoring of internal controls will be performed by specialized trained compliance staff and any internal control monitoring that is delegated to program office staff will be led and overseen by contract compliance staff.

**Recommendation 3:** Consider working with staff in the Bureau of Family Health or a third party to assess and implement an effective internal control system.

**DOH Response:** DOH concurs with this recommendation. BEMS engaged BEPR in March 2023 to assist with addressing internal control functions. Please refer to the response provided to Recommendations 1 and 2.

**Recommendation 4:** Evaluate whether additional staff are needed and, if necessary, request an increase in the Bureau's complement.

**DOH Response:** DOH concurs with this recommendation and will evaluate staffing needs on an ongoing basis as BEMS implements policies to strengthen internal controls. Please refer to the response provided to Recommendation 1.

**Finding 2:** The Department of Health failed to adequately monitor and question potential misuse of EMS operating fund expenditures.

**Recommendation 1:** Develop and implement formal procedures to adequately review and document the appropriateness of regional EMS council expenditures, including, but not limited to:

- a) Verify and review reconciliations performed by the regional EMS councils to ensure receipts support invoices.
- b) Require regional EMS councils to submit monthly lists of expenses to include description, justification, and amount of the expense.
- c) Require regional EMS council personnel to certify that they have reviewed and approved all expenses and the costs are eligible pursuant to DOH regulations.
- d) Ensure all pre-hospital provider requests are pre-approved and the documentation is retained with the corresponding invoices.

**DOH Response:** DOH concurs with this recommendation. BEMS is in the process of implementing enhanced documentation reporting. To achieve this, BEMS is updating contractual agreements to include language that requires reimbursement requests to have valid justification and implementing a process by which they are fully reviewed prior to payment. This process will include additional internal controls to strengthen contractual processing procedures.

## A Performance Audit

### Pennsylvania Department of Health Emergency Medical Services Operating Fund

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COMMONWEALTH OF PENNSYLVANIA  
OFFICE OF THE SECRETARY OF HEALTH

**Recommendation 2:** Develop a detailed policy and conduct training for the regional EMS councils on uses and restrictions of EMSOF dollars for each category enumerated in the Act.

**DOH Response:** DOH concurs with this recommendation. Based upon the previously developed policies from the 2018 audit, BEMS will develop a training program and increase specificity on allowable uses of the funding by the regional councils and the PEHSC. This additional guidance on allowable expenses is also being included in contractual agreements to ensure that allowable expenses align with legislatively mandated expenditures.

**Recommendation 3:** Develop and implement detailed procedures to adequately monitor regional EMS councils' invoices and receipts on a sample basis to ensure EMSOF dollars are spent in accordance with the purposes of the Act.

**DOH Response:** DOH concurs with this recommendation. BEMS is updating contractual agreements and reporting tools to ensure adequate monitoring. Additionally, while BEMS and DOH created policies following the 2018 audit, these were underutilized and not fully implemented in part due to BEMS' pandemic operational response. DOH recognizes that the inconsistent payment models used by BEMS have resulted in procedural monitoring issues; BEMS is developing a process to conduct reconciliations at 6-, 9-, 12-, and 24- months, as well as reviewing and revitalizing previously developed policies.

**Finding 3:** The Department of Health failed to adequately review annual reports for completeness and accuracy.

**Recommendation 1:** Improve its process for review of the annual reports to ensure the information is complete, accurate, and in compliance with regulations, contract/grant agreements, and DOH internal policies.

**DOH Response:** DOH concurs with this recommendation. With limited staff trained in audit procedures, BEMS is collaborating with another DOH bureau to learn from their experience and expertise to develop processes and procedures to address this finding.

**Recommendation 2:** Follow-up on deficiencies found in the annual reports to ensure information made available to the public is complete and accurate.

**DOH Response:** DOH concurs with this recommendation. DOH is currently conducting an internal review of all annual reports within the agency and the policies and procedures for their review and issuance. DOH intends to create comprehensive policies and procedures to ensure all reports are reviewed for completeness and accuracy.

## A Performance Audit

### Pennsylvania Department of Health Emergency Medical Services Operating Fund

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COMMONWEALTH OF PENNSYLVANIA  
OFFICE OF THE SECRETARY OF HEALTH

Thank you for the opportunity to respond to this report. If you have any questions, please contact Mr. Steven Marsden, Audit Specialist, Audit Resolution Section, Procurement Office, at (717) 547-3476 or [stemarsden@pa.gov](mailto:stemarsden@pa.gov).

Sincerely,

*Debra L. Bogen MD*

Debra L. Bogen, M.D., FAAP  
Acting Secretary and Physician General  
Pennsylvania Department of Health

cc: Mr. Steven Marsden, Audit Specialist, Department of Health  
Wendy E. Braund, MD, MPH, MSED, FACPM, Deputy Secretary, Health Preparedness  
and Community Protection, Department of Health  
Ms. Danielle Pierre, Deputy Secretary for Administration, Department of Health

## **A Performance Audit**

### **Pennsylvania Department of Health Emergency Medical Services Operating Fund**

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#### **Auditor's Conclusion to the Pennsylvania Department of Health's Response**

The Pennsylvania Department of Health (DOH) is in agreement with our findings and is currently taking steps to continue to address our recommendations from both our prior 2018 audit and the current audit. The Acting DOH Secretary expressed that DOH is committed to strengthening its oversight associated with the expenditures for emergency medical services and creating a contract compliance division to ensure fiscal accountability of the Emergency Medical Services Operating Fund (EMSOF). We are pleased that DOH agrees to our recommendations and is committed to the improvement of the EMS program and the effective use and monitoring of the EMSOF monies.

## A Performance Audit

### Pennsylvania Department of Health Emergency Medical Services Operating Fund

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#### Appendix A

#### Objective, Scope, Methodology, and Data Reliability

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The Department of the Auditor General conducted this performance audit pursuant to the following mandates:

- Section 8153(e) of the Emergency Medical Services System Act, 35 Pa.C.S. § 8153(e), to assess the Department of Health’s (DOH) administration of the Emergency Medical Services Operating Fund (EMSOF).
- Sections 402 and 403 of The Fiscal Code, 72 P.S. §§ 402 and 403.<sup>40</sup>

We conducted this audit in accordance with generally accepted *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective.<sup>41</sup> We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

#### Objective

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Our audit objective was to determine whether DOH ensured that EMSOF collections and expenditures were adequately supported, properly accounted for, and used for the purpose(s) intended by law and regulations, including the collections and expenditures of the regional EMS councils.

We also conducted procedures to determine whether DOH implemented our prior EMSOF performance audit’s findings and recommendations from the report issued in July 2018.

#### Scope

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The audit period for this audit was July 1, 2017, through June 30, 2021.

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<sup>40</sup> See 72 P.S. §§ 402 and 403 and Pa. Const. art. VIII, Sec. 10. (Emphasis added.) The authority to conduct performance audits derives from the 2004 Pennsylvania Commonwealth Court decision in *Dep’t of the Aud. Gen. v. State Emp. Ret. Sys.*, citing the prior case in the matter, which plainly concluded that the Auditor General (and his Department) under Article VIII, Section 10 of the constitution and Section 402 and Section 403 of the Fiscal Code **has the authority to conduct performance audits** of, among others, a public agency (such as a school district) receiving state funds at his discretion. See 860 A.2d 206, 214 (pa. Cmwlth. 2004) amending the prior decision in *Dep’t of the Aud. Gen. v. State Emp. Ret. Sys.*, 836 A.2d 1053, 1069-1070 (Pa. Cmwlth. 2003). (Emphases added.)

<sup>41</sup> U.S. Government Accountability Office. *Government Auditing Standards*. 2018 Revision. Technical Update April 2021.



## A Performance Audit

### Pennsylvania Department of Health Emergency Medical Services Operating Fund

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DOH management is responsible for establishing and maintaining effective internal controls to provide reasonable assurance of compliance with applicable laws and regulations, contracts, grant agreements, and administrative policies and procedures. In conducting our audit, we obtained an understanding of DOH's internal controls, including information systems controls.

*Standards for Internal Control in the Federal Government* (also known as and hereafter referred to as the Green Book), issued by the Comptroller General of the United States, provides a framework for management to establish and maintain an effective internal control system.<sup>42</sup> We used the framework included in the Green Book when assessing DOH's internal control system.

The Green Book's standards are organized into five components of internal control. In an effective system of internal control, these five components work together in an integrated manner to help an entity achieve its objectives. The five components contain 17 related principles, listed in the table below, which are the requirements an entity should follow in establishing an effective system of internal control.

We determined all the internal control components are significant to the audit objective. The table below represents a summary of the level of the internal control assessment for effectiveness of design (**D**); implementation (**I**); and/or operating effectiveness (**OE**) that we performed for each principle for our audit objective with respect to both the DOH Bureau of Emergency Medical Services and the DOH Bureau of Family Health,<sup>43</sup> along with a conclusion regarding whether issues were found with the principles and if those issues are included in a finding.<sup>44</sup>

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<sup>42</sup> Even though the Green Book was written for the federal government, it explicitly states that it may also be adopted by state, local, and quasi-government entities, as well as not-for-profit organizations, as a framework for establishing and maintaining an effective internal control system. The Pennsylvania Governor's Office ***adopted these federal standards*** for all Commonwealth agencies within Management Directive 325.12 Amended, dated May 15, 2018. [https://www.oa.pa.gov/Policies/md/Documents/325\\_12.pdf](https://www.oa.pa.gov/Policies/md/Documents/325_12.pdf).

<sup>43</sup> The DOH Bureau of Emergency Medical Services oversees the funding for the emergency medical services and the DOH Bureau of Family Health oversees the funding for the Head Injury Program (HIP). Both use the funds from the EMSOF.

<sup>44</sup> The Green Book, Sections OV3.05 and 3.06, states the following regarding the level of assessment of internal controls. Evaluating the design of internal control includes determining if controls individually and in combination with other controls are capable of achieving an objective and addressing related risks. Evaluating implementation includes determining if the control exists and if the entity has placed the control into operation. Evaluating operating effectiveness includes determining if controls were applied at relevant times during the audit period, the consistency with which they were applied, and by whom or by what means they were applied.



## A Performance Audit

### Pennsylvania Department of Health Emergency Medical Services Operating Fund

			Bureau of Emergency Medical Services		Bureau of Family Health	
Component		Principle	Level of Assessment	Conclusion	Level of Assessment	Conclusion
Control Environment	1	The oversight body and management should demonstrate a commitment to integrity and ethical values.	D	No issues noted	D	No issues noted
	2	The oversight body should oversee the entity's internal control system.	D	No issues noted	D	No issues noted
	3	Management should establish an organizational structure, assign responsibility, and delegate authority to achieve the entity's objectives.	D	No issues noted	D	No issues noted
	4	Management should demonstrate a commitment to recruit, develop, and retain competent individuals.	D	No issues noted	D	No issues noted
	5	Management should evaluate performance and hold individuals accountable for their internal control responsibilities.	D	No issues noted	D	No issues noted
Risk Assessment	6	Management should define objectives clearly to enable the identification of risks and define risk tolerances.	D	No issues noted	D	No issues noted
	7	Management should identify, analyze, and respond to risks related to achieving the defined objectives.	D	No issues noted	D	No issues noted
	8	Management should consider the	D, I, OE	Findings 1 and 2	D	No issues noted

## A Performance Audit

### Pennsylvania Department of Health Emergency Medical Services Operating Fund

		potential for fraud when identifying, analyzing, and responding to risks.				
	9	Management should identify, analyze, and respond to significant changes that could impact the internal control system.	D	No issues noted	D	No issues noted
Control Activities	10	Management should design control activities to achieve objectives and respond to risks.	D, I, OE	Findings 1, 2, and 3	D, I, OE	No issues noted
	11	Management should design the entity's information system and related control activities to achieve objectives and respond to risks.	D	No issues noted <sup>45</sup>	D	No issues noted <sup>46</sup>
	12	Management should implement control activities through policies.	D, I, OE	Findings 1, 2, and 3	D, I, OE	No issues noted
Information and Communication	13	Management should use quality information to achieve the entity's objectives.	D, I, OE	Findings 1, 2, and 3	D, I, OE	No issues noted
	14	Management should internally communicate the necessary quality information to achieve the entity's objectives.	D	No issues noted	D	No issues noted
	15	Management should externally	D	Finding 1, 2, and 3	D	No issues noted

<sup>45</sup> For purposes of this audit, deficiencies noted during the audits of the Commonwealth's Annual Comprehensive Financial Reports and the Single Audit of the Commonwealth for the four fiscal years ended June 30, 2021, 2020, 2019, and 2018, of the Pennsylvania Department of Revenue's (DOR's) information technology environment are not significant to this engagement since we reconciled the DOR's County Collections Database data to the Commonwealth's SAP system and traced selection of revenue transactions to source documents obtained from the county Clerk of Courts and Magisterial District offices as documented in the Data Reliability section below.

<sup>46</sup> Ibid.

## A Performance Audit

### Pennsylvania Department of Health Emergency Medical Services Operating Fund

		communicate the necessary quality information to achieve the entity's objectives.				
Monitoring	16	Management should establish and operate monitoring activities to monitor the internal control system and evaluate results.	D, I, OE	Findings 1, 2, and 3	D, I, OE	No issues noted
	17	Management should remediate identified internal control deficiencies on a timely basis.	D, I, OE	Findings 1, 2, and 3	D	No issues noted

*Government Auditing Standards* require that we consider information system controls "...to obtain sufficient, appropriate evidence to support the audit findings and conclusions."<sup>47</sup> This process further involves determining whether the data that supports the audit objectives is reliable. In addition, Publication GAO-20-283G, *Assessing Data Reliability*, provides guidance for evaluating data using various tests of sufficiency and appropriateness when the data are integral to the audit objective(s).<sup>48</sup> See our assessment in the *Data Reliability* section that follows.

Our procedures to assess the design, implementation, and/or operating effectiveness accordingly are discussed in the *Methodology* section that follows. Deficiencies in internal controls we identified during the conduct of our audit and determined to be significant within the context of our audit objective are summarized in the conclusion section below and described in detail within the respective audit findings in this report. See table above for description of each of the principle numbers included in the conclusions below.

#### Conclusion for Internal Controls:

Our assessment of management's design of internal of controls did not find any issues related to Principles 1 through 7, 9, 11, and 14, with respect to the DOH Bureau of Emergency Medical Services or related to Principles 1 through 17 with respect to the DOH Bureau of Family Health. We found, however, issues regarding Principles 8, 10, 12, 13, 15, 16, and 17 with respect to the DOH Bureau of Emergency Medical Services. Specifically, DOH continued to ineffectively administer the Emergency Medical Services Operating Fund and failed to correct past significant

<sup>47</sup> U.S. Government Accountability Office. *Government Auditing Standards*. 2018 Revision. Technical Update April 2021. Paragraph 8.59 through 8.67.

<sup>48</sup> U.S. Government Accountability Office. *Assessing Data Reliability*. December 2019.

## A Performance Audit

### Pennsylvania Department of Health Emergency Medical Services Operating Fund

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weaknesses in its internal controls; DOH failed to adequately monitor and question potential misuse of EMS operating fund expenditures; and DOH failed to adequately review annual reports for completeness and accuracy. These findings are described in general in the *Executive Summary* section of this report and in detail in *Finding 1, 2, and 3* of this report.

## Methodology

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The following procedures were performed to address our audit objective as well as our prior audit follow-up. Items selected for testing within this audit were based on auditor's professional judgement and not through a random or statistical selection. The results of our testing, therefore, should not be projected to, and are not representative of, the corresponding populations.

- Reviewed the DOH Internal Control Self-Assessment for the Bureau of Emergency Health Services and the Bureau of Family Health, and the corresponding bureau's Internal Control System Monitoring Plan applicable for fiscal years ended June 30, 2018, 2019, 2020, and 2021. These assessments assisted in determining what controls each bureau indicated it had in place regarding each of the 17 principles within the five components of internal control in order to establish an effective system of internal control. [All Principles]
- Reviewed the following laws, regulations, guidance, and written policies and procedures applicable to the EMSOF:
  - The Emergency Medical Services Act pursuant to Act 45 of 1985. This act created the EMSOF and was later repealed and continued by the Emergency Medical Services System Act, or Act 37 of 2009, effective February 16, 2010 (Act).<sup>49</sup>
  - Act 93 of 2020 which increased the fines and fees that fund the EMSOF and modified how its funds are used.<sup>50</sup>
  - Title 35 of the PA Consolidated Statutes, Sections 8101 to 8158, relating to the administration of the EMS system and the allocation to the Head and Injury Program.<sup>51</sup>

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<sup>49</sup> <http://www.legis.state.pa.us/cfdocs/legis/li/uconsCheck.cfm?yr=2009&sessInd=0&act=37> (accessed February 17, 2023). Act 37 provided for a recodification of the former act (Act 45) and based on the historical notes pursuant to Section 5 of Act 37 is a "continuation of the former act" and that all activities under Act 45, unless otherwise provided for in Act 37, "shall continue and remain in full force and effect." See 35 Pa.C.S. § 8101 note (Act 37).

<sup>50</sup> 75 Pa.C.S. §§ 3121 and 3807(b)(1)(ix). Act 93 of 2020 was enacted on October 29, 2020, and effective 120 days after enactment.

<sup>51</sup> 35 Pa.C.S. §§ 8101-8158.

## A Performance Audit

### Pennsylvania Department of Health Emergency Medical Services Operating Fund

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- Title 28 of the Pa. Code Chapters 4 and 1021, relating to the Head Injury Program and EMS system respectively.<sup>52</sup>
- *PA Bulletin Notice* 47 Pa.B. 3653 (July 1, 2017); *PA Bulletin Notice* 48 Pa.B. 5417 (August 25, 2018); *PA Bulletin Notice* 49 Pa.B. 3390 (June 29, 2019); and *PA Bulletin Notice* 51 Pa.B. 501 (January 23, 2021) which list the EMSOF funding priorities for the applicable fiscal year. [Principle 15]
- Various policies and procedures for each bureau's program. [Principle 12]
- Interviewed staff and management from the DOH Bureau of Emergency Medical Services, DOH Bureau of Family Health, and DOH Audit Resolution Section to assess design of controls and gain an understanding of policies and procedures related to the EMS Program and Head Injury Program. [Principles 8, 10, 12, 13, 15, 16, and 17]
- Surveyed both the DOH Bureau of Emergency Medical Services and DOH Bureau of Family Health regarding its understanding and/or knowledge of fraud, significant internal control weaknesses, potential fraud, or noncompliance. [Principle 8]
- Verified that the revenue collected from the County Clerk of Courts and District Justice offices for traffic violations and Accelerated Rehabilitative Disposition fees agreed to the revenue deposited into the EMSOF, and that the revenue was properly allocated to Emergency Medical Services and Catastrophic Medical Rehabilitation Services as prescribed by law and regulations. [Principles 10, 12, and 13]
- For the 96 revenue postings in the Commonwealth's SAP accounting system for the fiscal years ended June 30, 2018, 2019, 2020, and 2021, we judgmentally selected ten postings (five County Clerk of Courts and five District Justice offices) ensuring at least one posting date in each fiscal year. For each posting, we obtained the SAP Adjustment Memo, Reconciliation Report, and Collections Summary Report from the Department of Revenue and traced amounts to the applicable Clerk of Courts/District Justice offices detail collections report. Further detail testing of the collections at the county level is audited by the Department of Audit General, Bureau of County Audits. [Principles 10, 12, and 13]
- To address the Status of Prior Audit Findings related to the performance audit objective, we performed the following procedures: [Principle 17]
  - a. Reviewed our audit report and findings issued in July 2018 to determine any impact related to our current audit objective.
  - b. Inquired of DOH for the status of the prior audit reports recommendations.

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<sup>52</sup> 28 Pa. Code §§ 4.1 - 4.15, 1021.3 - 1021.141.

## **A Performance Audit**

### **Pennsylvania Department of Health Emergency Medical Services Operating Fund**

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- c. Reviewed supporting documentation to determine if corrective action was taken and sufficient.

#### Emergency Medical Services Program:

- Obtained the grant agreements between DOH and the 13 regional EMS councils and the contract between DOH and the Statewide Advisory Board, also referred to as the Pennsylvania Emergency Health Services Council (PEHSC), for fiscal year ended June 30, 2021, and verified the grant agreements/contract contained updated audit requirements. [Principle 17]
- Recalculated the amounts allocated to each regional EMS council for each fiscal year during our audit period using DOH's allocation formula to verify the accuracy of the allocations.
- Obtained a data file of EMSOF expenditures from the Commonwealth's SAP accounting system and reconciled it to the Status of Appropriations for the four fiscal years July 1, 2017, through June 30, 2021.
- Judgmentally selected 60 expenditures totaling \$3.1 million out of the \$34.8 million DOH disbursed to the EMS councils during the period July 1, 2017, through June 30, 2021. We selected two expenditures from each regional EMS council and the statewide advisory council for each fiscal year, focusing on non-recurring dollar amounts. We obtained the related invoice and supporting documentation to verify whether the expenditures were properly accounted for, adequately supported, and used for their intended purposes per law and regulations. We also verified whether DOH reviewed and documented approval of the invoice prior to payment to ensure adequate management oversight controls. [Principles 8, 10, 12, 13, 15, 16, and 17]
- Of the 60 expenditures selected as described above, 9 were pre-hospital provider expenditures. For these 9 expenditures, we verified whether all items purchased were requested and approved by the appropriate individuals prior to paying the invoice. We obtained invoices, approval forms and receipts to verify whether the items purchased were reasonable and allowable pursuant to law and regulations. [Principles 8, 10, 12, 13, 15, 16, and 17]
- Requested the annual financial audits submitted to DOH for the each of the fiscal years ended June 30, 2018, 2019, 2020, and 2021, for all 13 regional EMS councils and the PEHSC. We selected the 14 annual financial audits for fiscal year ended June 30, 2021,

## **A Performance Audit**

### **Pennsylvania Department of Health Emergency Medical Services Operating Fund**

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as well as 3 additional annual financial audits from fiscal year ended June 30, 2020.<sup>53</sup> We performed the following procedures: [Principles 8, 10, 12, 13, 15, 16, and 17]

- Verified the annual financial audits were submitted timely (i.e., within 120 days of the end of the state’s fiscal year) as per DOH policy and requirements.
  - Verified DOH reviewed the EMS councils independent audit report of financial statements and completed a program-specific review, including evidencing supervisory review.
  - Verified the EMS council’s independent audit of financial statements includes a “Schedule of Contractual Performance.”
  - Verified the total amount reported in the audited financial statement is less than or equal to the final grant agreement/contract amount.
  - Verified if the audit of the EMS council financial statements resulted in findings, and if so, that DOH adequately followed-up with the council to resolve the issue.
  - Verified all EMS council financial statement audits were conducted by a licensed CPA firm.
  - Verified funds were suspended for the EMS council that was late on submitting its audit.
- Reviewed the annual reports from the 13 regional EMS councils and the PA Emergency Health Service Council submitted to DOH for the fiscal years ended June 30, 2021. We verified DOH is tracking and reviewing them and whether the annual reports contained information required by regulations and grant agreements/contract. [Principles 10, 12, 13, 16, and 17]
  - Obtained the 12 quarterly reviews and documents performed by the former director of the Bureau of Emergency Medical Services and evaluated adequacy for monitoring of the councils’ expenditures. [Principles 8, 10, 12, 13, 15, 16, and 17]

#### Head Injury Program:

- Reviewed the contracts between DOH and the service providers and the grant agreement between DOH and the Brain Injury Association of Pennsylvania for our audit period and determined whether the contracts/grant agreement were in accordance with law and regulations and were approved by the appropriate DOH officials. [Principle 12]

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<sup>53</sup> Since one council did not submit their audit for fiscal year ended June 30, 2021, we reviewed a total of 13 audits for fiscal year ended June 30, 2021, and selected the council’s audit report that had not yet submitted a report for fiscal year ended June 30, 2021 for the fiscal year ended June 30, 2020 along with 2 other councils’ financial audits that were not yet reviewed by DOH as of January 1, 2022, totaling 16 audits reviewed.

## A Performance Audit

### Pennsylvania Department of Health Emergency Medical Services Operating Fund

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- Reviewed each provider's accreditation from the Commission on Accreditation of Rehabilitation Facilities to determine whether the provider was eligible to participate in the program during the audit period.
- From the data file of EMSOF expenditures, judgmentally selected 25 expenditures totaling \$822,348 of the \$12.1 million DOH disbursed for the Head Injury Program during the period July 1, 2017, through June 30, 2021. We selected at least one expenditure for each service provider, including the Brain Injury Association of Pennsylvania, and additional expenditures appearing unusual in nature. We obtained the related invoice report and selected one service provided to an individual patient. We determined whether the expenditure was properly accounted for, approved prior to payment, adequately supported, and used for their intended purposes per law and regulations. We also reviewed documentation to verify whether the individual was eligible to participate in the program and that the expenditures for that individual did not exceed the maximum limit of \$100,000 for the applicable year. [Principles 8, 10, 12, 13, 16, and 17]

### Data Reliability

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*Government Auditing Standards* requires us to assess the sufficiency and appropriateness of computer-processed information that we used to support our findings, conclusions, and recommendations. The assessment of the sufficiency and appropriateness of computer-processed information includes considerations regarding the completeness and accuracy of the data for the intended purposes.<sup>54</sup>

In performing this audit, we used revenue data provided by the Pennsylvania Department of Revenue and expenditure data provided by the Office of the Budget, Bureau of Accounting and Financial Management.

To assess the completeness and accuracy of the revenue data, we conducted audit procedures as follows:

- Reconciled the total EMSOF revenues within the data file from the Department of Revenue's County Collections Database to the Commonwealth's SAP accounting system. Data from the SAP accounting system is subject to financial audit standard-related tests of sufficiency and appropriateness of evidence as part of the audits of the

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<sup>54</sup> U.S. Government Accountability Office. *Government Auditing Standards*. 2018 Revision. Technical Update April 2021. Paragraph 8.98.



## **A Performance Audit**

### **Pennsylvania Department of Health Emergency Medical Services Operating Fund**

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Commonwealth's Comprehensive Annual Financial Reports and the Single Audit of the Commonwealth for the four fiscal years ended June 30, 2021, 2020, 2019, and 2018.<sup>55</sup>

- For the 10 revenue postings tested, we traced the revenue data to the SAP Adjustment Memo and the Collections Summary Report from the Department of Revenue. We also traced the revenue data to the applicable Summary of Collections Report – Fines and Costs that are submitted to the Department of Revenue by the county Clerk of Courts and District Justice offices.

Based on the above procedures, we found no limitations with using the data for our intended purposes. In accordance with *Government Auditing Standards*, we concluded the EMSOF revenue data for the period July 1, 2017, through June 30, 2021, to be sufficiently reliable regarding completeness and accuracy for the purposes of this engagement.

To assess the completeness and accuracy of the expenditure data, we conducted audit procedures as follows:

- Reconciled the total EMSOF expenditures within the data file to the Status of Appropriations and the Commonwealth's SAP accounting system. Data from the SAP accounting system is subject to financial audit standard-related tests of sufficiency and appropriateness of evidence as part of the audits of the Commonwealth's Annual Comprehensive Financial Reports and the Single Audit of the Commonwealth for the four fiscal years ended June 30, 2021, 2020, 2019, and 2018.<sup>56</sup>
- For the 60 expenditures tested in the EMS program, we traced the expenditure data to the respective invoices and council's receipts.
- For the 25 expenditures tested in the Head Injury Program, we traced the expenditure data to the provider invoices and patient records.

Based on the above procedures, we found no limitations with using the data for our intended purposes. In accordance with *Government Auditing Standards*, we concluded the EMSOF expenditure data for the period July 1, 2017, through June 30, 2021, to be sufficiently reliable regarding completeness and accuracy for the purposes of this engagement.

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<sup>55</sup> The Department of the Auditor General annually conducts an audit of the Commonwealth of Pennsylvania's Annual Comprehensive Financial Report jointly with a CPA firm.

<sup>56</sup> *Ib.*

## A Performance Audit

### Pennsylvania Department of Health Emergency Medical Services Operating Fund

#### Appendix B

#### Distribution List

This report was distributed to the following Commonwealth officials:

**The Honorable Josh Shapiro**  
Governor

**The Honorable Dr. Debra L. Bogen**  
Acting Secretary  
Pennsylvania Department of Health

**Aaron M. Rhone, PhD, MPA, EMT**  
Bureau Director  
Bureau of Emergency Medical Services  
Pennsylvania Department of Health

**The Honorable Scott Martin**  
Senate Majority Appropriations Chairman  
Pennsylvania Senate

**The Honorable Vincent Hughes**  
Senate Minority Appropriations Chairman  
Pennsylvania Senate

**The Honorable Jordan Harris**  
House Majority Appropriations Chairman  
Pennsylvania House of Representatives

**The Honorable Seth Grove**  
House Minority Appropriations Chairman  
Pennsylvania House of Representatives

**The Honorable Doug Mastriano**  
Senate Majority Veterans Affairs and  
Emergency Preparedness Chairman  
Pennsylvania Senate

**The Honorable Katie Muth**  
Senate Minority Veterans Affairs and  
Emergency Preparedness Chair  
Pennsylvania Senate

**The Honorable Michele Brooks**  
Senate Majority Health and Human Services  
Chair  
Pennsylvania Senate

**The Honorable Art Haywood**  
Senate Minority Health and Human Services  
Chairman  
Pennsylvania Senate

**The Honorable Dan Frankel**  
House Majority Health Chairman  
Pennsylvania House of Representatives

**The Honorable Kathy Rapp**  
House Minority Health Chair  
Pennsylvania House of Representatives

**The Honorable Jared Solomon**  
House Majority Veterans Affairs and  
Emergency Preparedness Chairman  
Pennsylvania House of Representatives

**The Honorable Mark Gillen**  
House Minority Veterans Affairs and  
Emergency Preparedness Chairman  
Pennsylvania House of Representatives

**The Honorable Kim Ward**  
President Pro-Tempore  
Pennsylvania Senate

## **A Performance Audit**

### **Pennsylvania Department of Health Emergency Medical Services Operating Fund**

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**The Honorable Joanna McClinton**  
Speaker of the House  
Pennsylvania House of Representatives

**The Honorable Matt Bradford**  
House Majority Leader  
Pennsylvania House of Representatives

**The Honorable Bryan Cutler**  
House Minority Leader  
Pennsylvania House of Representatives

**The Honorable Joe Pittman**  
Senate Majority Leader  
Pennsylvania Senate

**The Honorable Jay Costa**  
Senate Minority Leader  
Pennsylvania Senate

**The Honorable Uri Monson**  
Secretary of the Budget  
Office of the Budget

**The Honorable Stacy Garrity**  
State Treasurer  
Pennsylvania Treasury Department

**The Honorable Michelle A. Henry**  
Attorney General  
Office of the Attorney General

**The Honorable Neil Weaver**  
Secretary of Administration  
Office of Administration

**Mr. William Canfield**  
Director  
Bureau of Audits  
Office of Comptroller Operations

**Ms. Mary Spila**  
Collections/Cataloging  
State Library of Pennsylvania

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