

**AUDIT OF THE
PHILADELPHIA FIRE DEPARTMENT
EMERGENCY MEDICAL SERVICES GRANT
FOR THE GRANT PERIOD
JULY 1, 2003 THROUGH JUNE 30, 2006**



CITY OF PHILADELPHIA

OFFICE OF THE CONTROLLER
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ALAN BUTKOVITZ
City Controller

ALBERT F. SCAPEROTTO
Deputy City Controller

June 10, 2009

Mr. Lloyd Ayers, Commissioner
Philadelphia Fire Department
240 Spring Garden Street
Philadelphia, PA 19123

An audit of the Philadelphia Fire Department's Emergency Medical Services Program costs for the fiscal periods ended June 30, 2004, 2005, and 2006 was performed with the assistance of Zelenkofske Axelrod, LLC. The audit was performed pursuant to the requirements of the contract (ME 00014) between the Commonwealth of Pennsylvania Department of Health and the Philadelphia Fire Department.

The finding and recommendation contained in the enclosed letter to management dated April 21, 2009 was discussed with departmental officials at an exit conference. We included your written response as part of the report. We believe that, if implemented by management, this recommendation will improve internal controls and assist you in ensuring continued compliance with your department's future contracts with the Commonwealth of Pennsylvania Department of Health.

We would like to express thanks to you and your staff for the courtesy and cooperation displayed during the conduct of this audit.

Very truly yours,

ALAN BUTKOVITZ
City Controller

cc: Honorable Michael A. Nutter, Mayor
Honorable Anna C. Verna, President
And Honorable Members of City Council
Members of the Mayor's Cabinet

**CITY OF PHILADELPHIA
FIRE DEPARTMENT
EMERGENCY MEDICAL SERVICES PROGRAM
AGREEMENT NO. ME 00014**

FINANCIAL STATEMENT

**FOR THE GRANT PERIOD
JULY 1, 2003 THROUGH JUNE 30, 2006**

Zelenkofske Axelrod LLC

A Certified Public Accounting and Auditing Firm

CITY OF PHILADELPHIA
FIRE DEPARTMENT
EMERGENCY MEDICAL SERVICES PROGRAM
AGREEMENT NO. ME 00014
FOR THE GRANT PERIOD FROM JULY 1, 2003 THROUGH JUNE 30, 2006

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Zelenkofske Axelrod LLC

INDEPENDENT AUDITORS' REPORT

Commissioner
Philadelphia Fire Department
Philadelphia, Pennsylvania 19123

We have audited the accompanying financial statements of the City of Philadelphia Fire Department, Emergency Medical Services Program, Agreement No. ME 00014, for the grant period from July 1, 2003 through June 30, 2006. These financial statements are the responsibility of the program. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and Governmental Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinion.

As described in Note 1, the accompanying financial statements present only the program for the grant period from July 1, 2003 through June 30, 2006 and is not intended to be a complete presentation of the Philadelphia Fire Department's financial position or results of operations in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above presents fairly, in all material aspects, the budgeted and actual costs of the program for the grant period from July 1, 2003 through June 30, 2006 in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our reported dated April 21, 2009, on our consideration of the program's internal control over financial reporting and our tests of compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of this report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

This report is intended solely for the information and use of the City of Philadelphia Fire Department and the Commonwealth of Pennsylvania Department of Health and is not intended to be and should not be used by anyone other than these specified parties.



ZELENKOFSKE AXELROD LLC

Jamison, Pennsylvania
April 21, 2009

<u>Harrisburg</u>	<u>Lehigh Valley</u>	<u>Philadelphia</u>	<u>Pittsburgh</u>
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CITY OF PHILADELPHIA
 FIRE DEPARTMENT
 EMERGENCY MEDICAL SERVICES PROGRAM
 AGREEMENT NO. ME 00014
 STATEMENT OF BUDGETED, REPORTED AND ALLOWABLE COSTS
 FOR THE GRANT PERIOD FROM JULY 1, 2003 THROUGH JUNE 30, 2004

	BUDGET AMOUNT	ACTUAL AMOUNT
CATEGORY I - PERSONNEL SERVICES		
A. Personnel Services	\$ 227,917	\$ 227,917
B. Fringe Benefits	84,329	78,347
C. Overtime	<u>11,396</u>	<u>987</u>
Subtotal	<u>323,642</u>	<u>307,251</u>
CATEGORY II - CONSULTANT AND SUBCONTRACT SERVICES		
A. Consultant	-	-
B. Subcontract	<u>-</u>	<u>-</u>
Subtotal	<u>-</u>	<u>-</u>
CATEGORY III - PATIENT SERVICES		
	<u>-</u>	<u>-</u>
CATEGORY IV - EQUIPMENT		
A. Equipment (Provider)	167,664	89,738
Equipment (Training)	1,500	944
B. Surge (Amendment)	50,000	50,000
Terrorism Response	-	-
PEPP (Amendment)	<u>2,000</u>	<u>2,000</u>
CATEGORY V - SUPPLIES		
	<u>2,430</u>	<u>2,379</u>
CATEGORY VI - TRAVEL		
	<u>2,500</u>	<u>2,280</u>
CATEGORY VII - OTHER COST		
	<u>196,698</u>	<u>65,453</u>
A. Communication (Amendment)	24,130	24,088
B. Respiratory Masks (Amendment)	4,500	4,500
C. Terrorism Response (Amendment)	<u>60,000</u>	<u>59,693</u>
TOTAL COSTS	<u>\$ 835,064</u>	<u>\$ 608,326</u>

The accompanying notes are an integral part of the financial statement.

CITY OF PHILADELPHIA
 FIRE DEPARTMENT
 EMERGENCY MEDICAL SERVICES PROGRAM
 AGREEMENT NO. ME 00014
 STATEMENT OF BUDGETED, REPORTED AND ALLOWABLE COSTS
 FOR THE GRANT PERIOD FROM JULY 1, 2004 THROUGH JUNE 30, 2005

	BUDGET AMOUNT	ACTUAL AMOUNT
CATEGORY I - PERSONNEL SERVICES		
A. Personnel Services	\$ 234,742	\$ 233,875
B. Fringe Benefits	86,855	86,534
C. Overtime	<u>11,737</u>	<u>2,492</u>
Subtotal	<u>333,334</u>	<u>322,901</u>
CATEGORY II - CONSULTANT AND SUBCONTRACT SERVICES		
A. Consultant	-	-
B. Subcontract	<u>-</u>	<u>-</u>
Subtotal	<u>-</u>	<u>-</u>
CATEGORY III - PATIENT SERVICES	<u>-</u>	<u>-</u>
CATEGORY IV - EQUIPMENT		
A. Equipment (Provider)	146,855	145,355
Equipment (Training)	-	-
B. Surge (Amendment)	50,000	50,000
Terrorism Response	-	-
PEPP (Amendment)	<u>-</u>	<u>-</u>
CATEGORY V - SUPPLIES	<u>2,430</u>	<u>1,277</u>
CATEGORY VI - TRAVEL	<u>2,500</u>	<u>1,347</u>
CATEGORY VII - OTHER COST	<u>46,715</u>	<u>42,485</u>
A. Communication (Amendment)	200,000	199,873
B. Respiratory Masks (Amendment)	-	-
C. Terrorism Response (Amendment)	<u>39,954</u>	<u>39,939</u>
TOTAL COSTS	<u>\$ 821,788</u>	<u>\$ 803,177</u>

The accompanying notes are an integral part of the financial statement.

CITY OF PHILADELPHIA
 FIRE DEPARTMENT
 EMERGENCY MEDICAL SERVICES PROGRAM
 AGREEMENT NO. ME 00014
 STATEMENT OF BUDGETED, REPORTED AND ALLOWABLE COSTS
 FOR THE GRANT PERIOD FROM JULY 1, 2005 THROUGH JUNE 30, 2006

	BUDGET AMOUNT	ACTUAL AMOUNT
CATEGORY I - PERSONNEL SERVICES		
A. Personnel Services	\$ 241,586	\$ 216,139
B. Fringe Benefits	89,387	79,971
C. Overtime	<u>12,079</u>	<u>5,794</u>
Subtotal	<u>343,052</u>	<u>301,904</u>
CATEGORY II - CONSULTANT AND SUBCONTRACT SERVICES		
A. Consultant	-	-
B. Subcontract	<u>-</u>	<u>-</u>
Subtotal	<u>-</u>	<u>-</u>
CATEGORY III - PATIENT SERVICES		
<u>-</u>		
CATEGORY IV - EQUIPMENT		
A. Equipment (Provider)	324,307	323,864
Equipment (Training)	-	-
B. Surge (Amendment)	50,000	50,000
Terrorism Response	39,954	39,927
PEPP (Amendment)	<u>1,200</u>	<u>1,200</u>
CATEGORY V - SUPPLIES		
<u>2,430</u>		
CATEGORY VI - TRAVEL		
<u>1,000</u>		
CATEGORY VII - OTHER COST		
<u>64,161</u>		
A. Communication (Amendment)	-	-
B. Respiratory Masks (Amendment)	-	-
C. Terrorism Response (Amendment)	<u>-</u>	<u>-</u>
TOTAL COSTS	<u>\$ 826,104</u>	<u>\$ 782,901</u>

The accompanying notes are an integral part of the financial statement.

CITY OF PHILADELPHIA
FIRE DEPARTMENT
EMERGENCY MEDICAL SERVICES PROGRAM
AGREEMENT NO. ME 00014
NOTES TO FINANCIAL STATEMENTS
FOR THE GRANT PERIOD FROM JULY 1, 2003 THROUGH JUNE 30, 2006

NOTE 1: NATURE OF ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Pennsylvania Emergency Medical Services Act was enabled in 1985 to prevent premature death and reduce the suffering and disability that arise from critical illness and injuries. The Act authorizes the Department of Health (DOH) to develop and implement the emergency medical services program.

In conjunction with various agencies, the DOH updated the Statewide Emergency Medical Services Development Plan. As a result of this updated plan, the DOH established the Emergency Medical Services Operating Fund (EMSOF). The EMSOF was established to provide funding to maintain, improve, and develop the quality of the emergency medical services (EMS) system within the Commonwealth of Pennsylvania.

The laws, statutes, rules and regulations governing the administration of EMSOF for the grant period July 1, 2003 through June 30, 2006 are contained in

- (1) the Pennsylvania Code, Title 28 – Health & Safety – part VII – Emergency Medical Services, Chapter 1001 – Administration of the Emergency Medical Services System, and
- (2) the Pennsylvania Bulletin, 32 Pa. B. 5479 – Notice of Funding Priorities – for the fiscal years ending June 30, 2004, 2005 and 2006.

Agreement No. ME 00014 between the Commonwealth of Pennsylvania DOH and the Philadelphia Fire Department provides funds for program activities and related services in areas specified in Appendix A to the agreement entitled "Work Statement" and its "Attachment 1". A summary of the program's significant accounting policies consistently applied in the preparation of the financial statements is as follows:

A. Reporting Entity

The program is administered by the City of Philadelphia Fire Department and as a result is included in the City of Philadelphia's comprehensive annual financial report.

B. Basis of Accounting

The accompanying financial statement has been prepared in the format set forth in the general terms and conditions of the Emergency Medical Services Program Agreement No. ME 00014.

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Commissioner
Philadelphia Fire Department
Philadelphia, Pennsylvania 19123

We have audited the financial statements of the City of Philadelphia Fire Department's Emergency Medical Services Program Agreement No. ME 00014 for the grant period from July 1, 2003 through June 30, 2006 and have issued our report thereon dated April 21, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Philadelphia Fire Department's Emergency Medical Services Program Agreement No. ME 00014's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Philadelphia Fire Department Emergency Medical Services Program Agreement No. ME 00014's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Philadelphia Fire Department Emergency Medical Services Program's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City of Philadelphia Fire Department Emergency Medical Services Program Agreement No. ME 00014's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the City of Philadelphia Fire Department Emergency Medical Services Program Agreement No. ME00014's financial statements that is more than inconsequential will not be prevented or detected by the City of Philadelphia Fire Department Emergency Medical Services Program Agreement No. ME 00014's internal control.

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Commissioner
Philadelphia Fire Department
Philadelphia, Pennsylvania 19123

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the City of Philadelphia Fire Department Emergency Medical Services Program Agreement No. ME 00014's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Philadelphia Fire Department Emergency Medical Services Program Agreement No. ME 00014's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted a certain matter that we reported to management of the City of Philadelphia Fire Department Emergency Medical Services Program Agreement No. ME 00014, in a separate letter dated April 21, 2009.

This report is intended solely for the information and use of management, the City Controller, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.


ZELENKOSKE AXELROD LLC

Jamison, Pennsylvania
April 21, 2009

CITY OF PHILADELPHIA
FIRE DEPARTMENT
EMERGENCY MEDICAL SERVICES PROGRAM
AGREEMENT NO. ME 00014
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE GRANT PERIOD FROM JULY 1, 2003 THROUGH JUNE 30, 2006

None noted.

CITY OF PHILADELPHIA
FIRE DEPARTMENT
EMERGENCY MEDICAL SERVICES PROGRAM
AGREEMENT NO. ME 00014
STATUS OF PRIOR YEAR FINDINGS
FOR THE GRANT PERIOD FROM JULY 1, 2003 THROUGH JUNE 30, 2006

FINDING 1:

PREMSC billed EMSOF for unallowable fringe benefits and in doing so, did not fully understand and comply with the terms of its agreement with the DOH.

STATUS:

In testing PREMSC's payroll and related benefits for the years ending June 30, 2004 through June 30, 2006, no unallowable fringe benefits were found.

Zelenkofske Axelrod LLC

April 21, 2009

Commissioner
Philadelphia Fire Department
Emergency Medical Services Program
Philadelphia, PA 19123

In planning and performing our audit of the financial statements of the City of Philadelphia Fire Department, Emergency Medical Services Program, Agreement No. ME 00014, for the grant period from July 1, 2003 through June 30, 2006, we considered the City of Philadelphia Fire Department, Emergency Medical Services Program's internal control to plan our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control. This letter does not affect our report dated April 21, 2009 on the financial statements of the City of Philadelphia Fire Department, Emergency Medical Services Program, Agreement No. ME 00014.

Current Year Comments

1. At the present time, the City of Philadelphia Fire Department maintains a policy in which they only keep supporting documentation on hand for two (2) years. The program audit above encompassed a three (3) year period and as such, required the auditors to review supporting documentation for a three (3) year period. The policy in place at the time of the audit caused some difficulty for the personnel charged with obtaining the support and supplying it to the auditors. We recommend that the City of Philadelphia Fire Department change their policy for maintaining supporting documentation, on premises, for a period of at least three (3) years so that this type of delay does not occur in the future. Furthermore, the grant/contract states that the program may be audited by the Commonwealth of Pennsylvania and that all documents supporting the expenses of the program must be available for review. In changing their policy timeline, the City of Philadelphia Fire Department will fulfill all requirements of its contract with the state.

We would like to take this opportunity to compliment the City of Philadelphia Fire Department and the City of Philadelphia's Controller Office for their cooperation and assistance during the audit process.

This information is intended solely for the information and use of the City of Philadelphia Fire Department and the City of Philadelphia Controller's Office and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,



ZELENKOSKE AXELROD LLC

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