



DEPARTMENT OF HEALTH AND HUMAN SERVICES

Office of Inspector General

Office of Audit Services
1100 Commerce, Room 632
Dallas, Texas 75242

September 30, 2008

Report Number: A-06-08-00075

Mr. Ross Pottschmidt
Program Manager, Bureau of EMS
8919 World Ministry Avenue, Suite B
Baton Rouge, Louisiana 70810

Dear Mr. Pottschmidt:

Enclosed is the U.S. Department of Health and Human Services (HHS), Office of Inspector General (OIG), final report entitled "Review of Louisiana Bioterrorism Hospital Preparedness Program – Bureau of Emergency Medical Services." We will forward a copy of this report to the action official noted on the following page for review and any action deemed necessary.

The action official will make final determination as to actions taken on all matters reported. We request that you respond to this official within 30 days from the date of this letter. Your response should present any comments or additional information that you believe may have a bearing on the final determination.

Pursuant to the principles of the Freedom of Information Act, 5 U.S.C. § 552, as amended by Public Law 104-231, OIG reports generally are made available to the public to the extent the information is not subject to exemptions in the Act (45 CFR part 5). Accordingly, this report will be posted on the Internet at <http://oig.hhs.gov>.

If you have any questions or comments about this report, please do not hesitate to call me, or contact Cheryl Blackmon, Audit Manager, at (214) 767-9205 or through e-mail at cheryl.blackmon@oig.hhs.gov. Please refer to report number A-06-08-00075 in all correspondence.

Sincerely,

A handwritten signature in black ink that reads "Gordon L. Sato".

Gordon L. Sato
Regional Inspector General
for Audit Services

Enclosure

Direct Reply to Action Official:

Alan Levine
Secretary
Louisiana Department of Health and Hospitals
628 North 4th Street
P O Box 629
Baton Rouge, Louisiana 70802

Department of Health and Human Services

**OFFICE OF
INSPECTOR GENERAL**

**REVIEW OF LOUISIANA
BIOTERRORISM HOSPITAL
PREPAREDNESS PROGRAM -
BUREAU OF EMERGENCY
MEDICAL SERVICES**



Daniel R. Levinson
Inspector General

September 2008
A-06-08-00075

Office of Inspector General

<http://oig.hhs.gov>

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OFFICE OF AUDIT SERVICES FINDINGS AND OPINIONS

The designation of financial or management practices as questionable, a recommendation for the disallowance of costs incurred or claimed, and any other conclusions and recommendations in this report represent the findings and opinions of OAS. Authorized officials of the HHS operating divisions will make final determination on these matters.

EXECUTIVE SUMMARY

BACKGROUND

The Bioterrorism Hospital Preparedness Program (the Program) provided funding to State, territorial, and municipal governments or health departments to upgrade the preparedness of hospitals and collaborating entities to respond to bioterrorism and other public health emergencies. The Health Resources and Services Administration (HRSA) administered the Program until March 2007. At that time, responsibility for the Program was transferred from HRSA to the Assistant Secretary for Preparedness and Response pursuant to the Pandemic and All Hazards Preparedness Act (P.L. 109-417, December 19, 2006). The Louisiana Department of Health and Hospitals (the State agency) entered into cooperative agreements with HRSA to carry out Program activities and, for the period September 1, 2004, through August 31, 2006, the State agency received Program funds totaling \$15,283,738. The Bureau of Emergency Medical Services (the Bureau) oversaw emergency medical services (EMS) providers, which received \$3,086,572 of this amount.

OBJECTIVE

Our objective was to determine whether the Bureau claimed costs that were reasonable, allocable, and allowable.

SUMMARY OF FINDINGS

Of the \$2,471,942 in Program expenditures we reviewed, the Bureau and EMS providers were unable to provide supporting documentation for expenditures totaling \$253,485. Because documentation supporting \$43,579 of this amount was destroyed by Hurricane Katrina, we are questioning only \$209,906 of these costs. In addition, EMS providers spent \$29,933 in funding more than 90 days after the Federal Program funding period had ended. The State agency did not disburse \$97,246 in Program funds. We are also setting aside \$196,865 in EMS funds that were disbursed after the Program's contract between HRSA and the State agency had expired because we have no assurance that the funds were spent on allowable bioterrorism expenditures. The remaining \$1,937,992 in Program expenditures was spent appropriately.

The Bureau's lack of formal monitoring procedures contributed to providers' noncompliance with the terms of the spending agreements.

RECOMMENDATIONS

We recommend that the Bureau coordinate and work with the State agency to:

- refund to HRSA \$209,906 in undocumented expenditures;
- refund to HRSA \$29,933 in program funds spent 90 days after the Federal Program funding period ended;
- refund \$97,246 in undisbursed Program funds to HRSA;

- review the \$196,865 in EMS funds that were disbursed after the Program contract between HRSA and the State agency had expired to ensure that it was spent on allowable Program expenditures;
- review funds spent by EMS providers after the spending agreement deadlines had passed, and, if determined to be proper, amend the spending deadlines in the contracts with LHA and the Bureau to correspond with the end of the Federal Program year funding period;
- ensure that the requirements in future spending agreements with EMS providers are followed; and
- monitor grant- and subgrant-supported activities to ensure compliance with applicable Federal requirements and achievement of performance goals.

BUREAU OF EMERGENCY MEDICAL SERVICES COMMENTS AND OFFICE OF INSPECTOR GENERAL RESPONSE

In its comments on our draft report, the Bureau of EMS agreed with all but three of our seven recommendations. However, it provided information on actions that it had taken or planned to take on all seven recommendations. After we issued our draft report, the Bureau provided additional supporting documentation. Subsequent to reviewing this documentation and requesting further support, we revised the report where appropriate. The Bureau's comments, excluding proprietary information, are included in their entirety as Appendix C.

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INTRODUCTION

BACKGROUND

Bioterrorism Hospital Preparedness Program

The Bioterrorism Hospital Preparedness Program (the Program) provided funding to State, territorial, and municipal governments or health departments to upgrade the preparedness of hospitals and collaborating entities to respond to bioterrorism and other public health emergencies. The Health Resources and Services Administration (HRSA) administered the Program until March 2007. At that time, responsibility for the Program was transferred from HRSA to the Assistant Secretary for Preparedness and Response pursuant to the Pandemic and All Hazards Preparedness Act (P.L. 109-417, December 19, 2006).

Bioterrorism Program Funding

Grants awarded in program years 2003 through 2005 were funded through 1-year appropriations. HRSA initially established 12-month program years for 2003 through 2005 and then extended the years for up to 24 additional months.¹

To monitor the expenditure of these funds, HRSA required awardees to submit financial status reports (FSR) showing the amounts expended, obligated, and unobligated. Financial reporting requirements (45 CFR § 92.41(b)(3)) for Department of Health and Human Services (HHS) grants to State and local governments state: “If the Federal agency does not specify the frequency of the report, it will be submitted annually.” Because Program guidance for 2003 was silent on the frequency of submission, annual FSRs were required for that year. Program guidance for 2004 and 2005 required quarterly interim FSRs and a final FSR 90 days after the end of the budget period, which we are referring to in this report as a “program year.”

Louisiana Bioterrorism Program

The Louisiana Department of Health and Hospitals (the State agency) entered into cooperative agreements with HRSA to implement the Program for the State of Louisiana. (A cooperative agreement is an award of financial assistance under which substantial collaboration is anticipated between the HHS awarding agency and the recipient during the project.) Subsequently, the State agency entered into a contract with the Louisiana Hospital Association (LHA), a nonprofit corporation, to hire grant coordinators and staff to administer the HRSA grant. The State agency also entered into interagency agreements with various State subagencies, including Pharmacy Services, the Nursing Services Section, the Bioterrorism Section and the Bureau of Emergency Medical Services (the Bureau), which contracted with emergency medical services (EMS) providers.

LHA disburses HRSA grant funds to EMS providers based on allocation models. The allocation models specify the grant amount for each hospital and EMS provider and for any special projects. The EMS allocation models are developed by LHA and Bureau staff, the State agency

¹For Louisiana, program year 2003 was September 1, 2003, to August 31, 2006; program year 2004 was September 1, 2004, to August 31, 2006; and program year 2005 was September 1, 2005, to August 31, 2007.

grant principal investigator (grant PI), designated regional coordinators (DRC), and representatives from the Louisiana Rural Ambulance Alliance. The models are approved by the HRSA Advisory Committee.

The Bureau enters into spending agreements with EMS providers and reviews their supporting documentation. The spending agreements state the amount of the grants disbursed by LHA, set spending deadlines, and describe the documentation required to support HRSA grant expenditures.

OBJECTIVE, SCOPE, AND METHODOLOGY

Objective

Our objective was to determine whether the Bureau claimed costs that were reasonable, allocable, and allowable.

Scope

Our review covered \$2,471,942 of the \$3,086,572 in Program funds allocated for EMS providers for the period September 1, 2004, through August 31, 2006, regardless of the grant year to which the obligations and expenditures were related.

From the 66 EMS provider spending agreements for program year 2004, we selected a nonstatistical sample of 20, which totaled \$909,240. We reviewed the supporting documentation submitted by 58 EMS providers for program year 2005 funds totaling \$1,495,631. We reviewed the supporting documentation to determine whether each EMS provider was spending funds appropriately.

We did not review the Bureau's overall internal control structure. We limited our internal control review to obtaining an understanding of the Bureau's accounting records. Further, we attempted to determine whether the Bureau had any monitoring procedures in place. We did not evaluate the performance goals of the Program.

We performed fieldwork at the Bureau from May through August 2007. In May 2008, we performed additional fieldwork with selected EMS providers.

Methodology

To accomplish our objective, we:

- reviewed relevant Federal regulations to gain an understanding of the financial and Program requirements,
- determined how funds were disbursed to EMS providers,

- reviewed sampled EMS providers' expenditures, and
- determined whether the Bureau had monitoring procedures.

We conducted this performance audit in accordance with generally accepted government auditing standards. 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 objective.

FINDINGS AND RECOMMENDATIONS

Of the \$2,471,942 in Program expenditures we reviewed, the Bureau and EMS providers were unable to provide supporting documentation for expenditures totaling \$253,485. Because documentation supporting \$43,579 of this amount was destroyed by Hurricane Katrina, we are questioning only \$209,906 of these costs. In addition, EMS providers spent \$29,933 in funding more than 90 days after the Federal Program funding period had ended. The State agency did not disburse \$97,246 in Program funds. We are setting aside \$196,865 in EMS funds that were disbursed after the Program contract between HRSA and the State agency had expired because we have no assurance that the funds were spent on allowable bioterrorism expenditures. The remaining \$1,937,992 in Program expenditures was spent appropriately.

The Bureau's lack of formal monitoring procedures contributed to providers' noncompliance with the terms of the spending agreements.

UNDOCUMENTED EMERGENCY MEDICAL SERVICES EXPENDITURES

Pursuant to 45 CFR § 74.21(b)(7), one of the grant administration requirements applicable to HHS-funded grants and subawards to nongovernmental entities, including nonprofit organizations and commercial organizations is that recipients' financial management systems should provide accounting records, including cost accounting records, that are supported by source documentation.

The "2004-2005 HRSA Bioterrorism Preparedness Grant Spending Agreement for EMS Providers" states: "You will be required to provide receipt(s) to the Office of Public Health/Bureau of EMS. These monies must be spent by [a specific date] and "PAID" receipts and/or cancelled checks for these expenditures must be provided" to the Bureau by [a specific date].

For program year 2004, we reviewed supporting documentation for 20 providers. We identified seven EMS providers that did not provide all of the required supporting documentation for 2004 Program expenditures totaling \$96,664. Because documentation from four providers supporting \$43,579 of the total was destroyed by Hurricane Katrina, we are questioning only the remaining \$53,085.

- Two providers provided invoices for their expenditures; however, they did not provide documentation that showed that expenditures totaling \$38,460 had been paid.

- One provider was unable to provide documentation to support expenditures totaling \$14,625.

For program year 2005, we reviewed supporting documentation for 58 providers. We are questioning \$156,821 in undocumented expenditures.

(See Appendix A for a summary of the undocumented EMS provider expenditures.)

SPENDING DEADLINES NOT MET BY EMERGENCY MEDICAL SERVICES PROVIDERS

Pursuant to 45 CFR § 92.40, “Grantees must monitor grant and subgrant supported activities to assure compliance with applicable Federal requirements and that performance goals are being achieved.”

Regulations (45 CFR 74.51(a)) state: “Recipients are responsible for managing and monitoring each project, program, subaward, function or activity supported by the award.”

In accordance with 45 CFR § 92.23(b), “A grantee must liquidate all obligations incurred under the award not later than 90 days after the end of the funding period The Federal agency may extend this deadline at the request of the grantee.”

Pursuant to 45 CFR § 74.71(b), “Unless the HHS awarding agency authorizes an extension, a recipient shall liquidate all obligations incurred under the award not later than 90 calendar days after the funding period”

The “2004-2005 HRSA Bioterrorism Preparedness Grant Spending Agreement for EMS Providers” states: “You will be required to provide receipt(s) to the Office of Public Health/Bureau of EMS. These monies must be spent by [a specific date] and “PAID” receipts and/or cancelled checks for these expenditures must be provided” to the Bureau by [a specific date].

The sampled 2004 EMS providers spent 94 percent, or \$758,793, of their program year 2004 funding after their contracts with the State agency had expired. A recipient must obligate federal funds within the Federal program year funding period established by HRSA. A recipient has an additional 90 days after the close of the funding period to liquidate all obligations incurred in the funding period. Of the \$758,793 that was spent after the contractual spending deadline, \$85,703 was spent after the Federal Program deadlines.² Because we cannot distinguish between the EMS providers’ obligations and liquidations we are only questioning \$21,292, which was spent beyond the 90 days after the Federal Program funding period.

Similarly, we reviewed the supporting documentation provided by 58 EMS providers for program year 2005. Of the amount reviewed, \$8,641 was spent beyond 90 days after the Federal Program funding period ended. Because we were not provided with spending agreements for these providers, we could not determine the amount spent after the spending agreement

²The contractual spending agreement deadline is specified in each provider’s spending agreement. The Federal Program deadline is determined by HRSA for each program year.

deadlines. We asked a Bureau official several times why EMS providers had spent funds after the spending deadlines, but we have not received a response. Therefore, we are questioning a total of \$29,933 that was spent more than 90 days after the Federal Program funding period had ended.

(See Appendix B for a summary of EMS provider expenditures made after spending agreement deadlines.)

ISSUES RELATED TO THE TIMING OF DISBURSEMENTS AND RETURN OF BUREAU FUNDS

Pursuant to 45 CFR § 92.21(c), “Grantees and subgrantees shall be paid in advance, provided they maintain or demonstrate the willingness and ability to maintain procedures to minimize the time elapsing between the transfer of the funds and their disbursement by the grantee or subgrantee.”

Regulations (45 CFR § 92.23) state: “Where a funding period is specified, a grantee may charge to the award only costs resulting from obligations of the funding period unless carryover of unobligated balances is permitted, in which case the carryover balances may be charged for costs resulting from obligations of the subsequent funding period.”

For program year 2005, the contract between the State agency and LHA expired on November 30, 2006,³ leaving \$1,530,531 undistributed to EMS providers. Although the State agency had disbursed these funds to LHA on July 14, 2006, LHA did not disburse any funds to EMS providers until February 19, 2007.

LHA eventually disbursed \$1,495,631 to EMS providers, leaving \$34,900 of the original allocation still undisbursed. Subsequently, EMS providers returned \$30,175 in Program funds. Therefore, we are questioning \$65,075 in undisbursed Program funds that remained in LHA’s bank account at the end of program year 2005.

We continue to set aside \$196,865 of the total disbursed to EMS providers for program year 2005 because it was disbursed after the contract between the State agency and LHA expired. Documentation for the Program expenditures was not available at the time of our fieldwork. We requested the Bureau provide additional documentation after the issuance of the draft report. However, the additional supporting documentation provided no assurance that the funds were spent on allowable Program expenditures.

A Bureau official said that the two individuals who were coordinating the HRSA Pre-hospital Program left and that the Bureau was not able to locate the supporting documentation for program year 2004. Therefore, the Bureau had to request supporting documentation from EMS providers. Because the Bureau would not release program year 2005 funds until it received the 2004 supporting documentation, the 2005 disbursements were delayed. In addition, we are questioning \$32,171 for program year 2004 funds because an LHA official said that three EMS

³The cooperative agreement between HRSA and the State agency ran until August 31, 2007; therefore, the State agency still had the authority to spend the money. However, the contract between the State agency and LHA was not extended.

providers had returned the funds to LHA. These program funds were not reallocated and remained in LHA's bank account at the end of program year 2005.

INSUFFICIENT MONITORING OF PROVIDERS

Pursuant to 45 CFR § 92.40, "Grantees must monitor grant and subgrant supported activities to assure compliance with applicable Federal requirements and that performance goals are being achieved."

In accordance with 45 CFR § 74.21(b), recipients' financial management systems should provide accounting records, including cost accounting records, that are supported by source documentation.

The "2004-2005 HRSA Bioterrorism Preparedness Grant Spending Agreement for EMS Providers" states: "You will be required to provide receipt(s) to the Office of Public Health/Bureau of EMS. These monies must be spent by [a specific date] and "PAID" receipts and/or cancelled checks for these expenditures must be provided" to the Bureau by [a specific date]."

The Bureau did not have written monitoring policies or procedures. The Bureau did not have all of the supporting documentation for the sampled providers' expenditures. We could not always determine whether expenses were paid. After reviewing the supporting documentation that the Bureau provided, we contacted the EMS providers to request additional support. We were able to obtain the supporting documentation for only one additional provider in our sample and verified that another provider had lost its supporting documentation in Hurricane Katrina. Without this support, the Bureau had no assurance that the expenditures were paid or that the providers were spending Program funds on allowable expenditures.

RECOMMENDATIONS

We recommend that the Bureau coordinate and work with the State agency to:

- refund to HRSA \$209,906 in undocumented expenditures;
- refund to HRSA \$29,933 in program funds spent 90 days after the Federal Program funding period ended;
- refund \$97,246 in undisbursed Program funds to HRSA;
- review the \$196,865 in EMS funds that were disbursed after the Program contract between HRSA and the State agency had expired to ensure that it was spent on allowable Program expenditures;
- review funds spent by EMS providers after the spending agreement deadlines had passed, and, if determined to be proper, amend the spending deadlines in the contracts with LHA and the Bureau to correspond with the end of the Federal Program year funding period;

- ensure that the requirements in future spending agreements with EMS providers are followed; and
- monitor grant- and subgrant-supported activities to ensure compliance with applicable Federal requirements and achievement of performance goals.

BUREAU OF EMERGENCY MEDICAL SERVICES' COMMENTS AND OFFICE OF INSPECTOR GENERAL'S RESPONSE

In its comments on our draft report, the Bureau of EMS agreed with three of our seven recommendations. However, it provided information on actions that it had taken or planned to take on all seven recommendations. After we issued our draft report, the Bureau of EMS provided additional supporting documentation. Subsequent to reviewing this documentation and requesting further support, we revised the report where appropriate. The Bureau's comments, excluding proprietary information, are summarized below and included in their entirety as Appendix C.

Undocumented Emergency Medical Services Expenditures

The Bureau provided documentation for part of the \$53,085 in undocumented expenditures. However, we determined that the documentation provided did not support these expenditures. We continue to recommend that the Bureau refund \$53,085 to HRSA. The Bureau stated that it has instituted strict policies for compliance and will alter future allocation models to reflect provider noncompliance and future funding for these providers.

Spending Deadlines Not Met By Emergency Medical Services Providers

The Bureau stated that amended contracts had been sent to providers that had spent funds more than 90 days after the Federal Program funding period. Regulations require that obligations be incurred within the Federal program year funding period (45 CFR § 74.28) and that those obligations be liquidated within 90 days after the end of the funding period unless the HHS awarding agency authorizes an extension (45 CFR § 74.71(b)). In response to our recommendation, the Bureau of EMS amended three contracts to extend the spending deadline. However, the extensions were beyond the Federal Program funding period. In addition, according to Federal regulations, only HRSA, the awarding agency, can extend the Federal deadline. However, HRSA did not authorize an extension of the deadline. Therefore, we continue to recommend that \$21,292 be refunded to HRSA. The Bureau of EMS stated that it will ensure that all future extensions will be in writing and that copies will be placed in the providers' files.

Issues Related To The Timing of Disbursements And Return Of Bureau Funds

The Bureau stated that the agreement with LHA allowed for corrective actions to be implemented until all funds from 2004 and 2005 were accounted for. After the providers had provided supporting documentation for their expenditures, the Bureau released all but \$65,075 in funds, which was returned to LHA.

Of the \$1,495,631 disbursed to EMS providers, we accepted documentation for \$1,133,304. For the remaining \$362,327, we are:

- questioning \$156,821 in undocumented expenditures,
- questioning \$8,641 that was spent beyond 90 days after the Federal funding period, and
- setting aside \$196,865 in expenditures because we could not determine from the supporting documentation provided whether the expenditures were allowable.

The Bureau stated that it has established a procedure to validate proof of payment for released funds. At this time, any provider that has not submitted documentation as proof of funds being spent will not be eligible for the following grant year funds. Each deadline date is posted on the agreement along with the statement for future funds.

OTHER MATTERS

LHA told us that an EMS provider returned program year 2003 EMS funds totaling \$22,053 on November 30, 2006. The EMS provider received the check on October 8, 2004. These program funds could not be reallocated and remain in LHA's bank account.

APPENDIXES

**SUMMARY OF UNDOCUMENTED EMERGENCY MEDICAL
SERVICES EXPENDITURES**

<u>Program Year 2004 Providers</u>	<u>Undocumented Amount</u>	<u>Reason for Disallowance</u>
Care Ambulance Service	\$12,775	Hurricane destroyed documentation
Claiborne Ambulance Service	15,875	Could not determine whether expenses paid
East Jefferson EMS	5,154	Hurricane destroyed part of the documentation
Emergystat	14,625	Could not submit documentation
Grand Isle Volunteer EMS	12,550	Hurricane destroyed documentation
On Call Nursing & Associates	13,100	Hurricane destroyed documentation
Shreveport Fire Department	22,585	Could not determine whether expenses paid
Total	\$96,664	
Hurricane-related expenditures	(43,579)	
Total Unallowable Expenditures	\$53,085	

**SUMMARY OF UNDOCUMENTED EMERGENCY MEDICAL
SERVICES EXPENDITURES**

<u>Program Year 2005 Providers</u>	<u>Undocumented Amount</u>	<u>Reason for Disallowance</u>
American Medical Response	240.00	No Documentation
Caddo Parish Fire District #3	5,660.00	No Documentation and No Proof of Payment
D'Arbonne Ambulance Service	16,475.00	No Documentation
Guardian Emergency Medical Services	15,550.00	No Documentation
Lafourche Ambulance District #1	72.00	No Documentation
Life Guard Ambulance Service	\$17,400	No Documentation
LA Rural Ambulance Alliance	18,240	No Documentation and No Proof of Payment
Med Express Ambulance Service Inc	22,025	No Documentation
Metro Rural Services LLC	350	No Documentation
Ruston Fire Department - Lincoln Parish	13,700	No Documentation
Shreveport Fire Department Emergency M	22,500	No Documentation
St. Tammany Parish Fire Protection	9,984	No Documentation
St. Tammany Parish Fire Protection	14,625	No Documentation
2005 Total	\$156,821	
2004 Total	\$96,664	
Total from both Program Years	\$253,485	
2004 Hurricane-related expenditures	(43,579)	
Grand Total	\$209,906	

**SUMMARY OF EMERGENCY MEDICAL SERVICES EXPENDITURES MADE
AFTER SPENDING AGREEMENT DEADLINES**

<u>Program Year 2004 EMS</u>	<u>Spending Agreement Amount</u>	<u>Amount Spent After Deadline</u>	<u>Amount Spent After HRSA Program Year</u>	<u>Amount Spent 90 days After HRSA Program Year</u>
Acadian Ambulance	\$232,025	\$222,083	\$6,800	
Christus Schumpert Ambulance	14,950	14,950	14,744	\$14,744
East Carroll Parish	13,700	13,700	1,396	
East Jefferson EMS *	19,296			
Jackson Parish	14,625	14,625		
LaSalle Parish	11,850			
LaSalle Parish Ambulance-Hardtner	11,850	11,850		
LA Rural Amb. Alliance	373,165	364,656	56,112	
New Orleans Health	49,825	49,825		
Shreveport Fire Dept. *	1,765	1,765		
St. Charles Parish Hosp. Ambulance	14,625	14,625	2,820	2,820
St. Landry EMS	12,775	12,775	103	
Tulane EMS *	9,333	8,302	3,728	3,728
Westwego EMS	11,850	11,850		
West Jefferson	18,425	17,788		
Program Year 2004 Totals	<u><u>\$810,059</u></u>	<u><u>\$758,794</u></u>	<u><u>\$85,703</u></u>	<u><u>\$21,292</u></u>

* Original Spending Agreement adjusted to limit the amount spent after the deadline to the amount supported.

**SUMMARY OF EMERGENCY MEDICAL SERVICES EXPENDITURES MADE
AFTER SPENDING AGREEMENT DEADLINES**

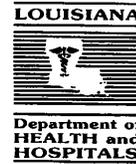
Program Year 2005 EMS	Spending Agreement Amount*	Amount Spent After Deadline*	Amount Spent After HRSA Program Year	Amount Spent 90 days After HRSA Program Year
Life Air Rescue	10,925			700
Louisiana Rural Ambulance Alliance	204,806			7,941
Program Year 2005 Totals	215,731			8,641
Grand Totals	1,025,790	\$758,794	\$85,703	\$29,933

*Auditor's note: Because we did not have the spending agreements for all of the 2005 EMS Providers, we were unable to determine the amount spent after the spending agreement deadline. The amount listed under "Spending Agreement Amount" is the amount that they received from LHA according to the allocation model for EMS Providers.



Bobby Jindal
GOVERNOR

STATE OF LOUISIANA
DEPARTMENT OF HEALTH AND HOSPITALS



Alan Levine
SECRETARY

31 July 2008

Gordon Sato
Office of Audit Services
Department of Health and Human Services
1100 Commerce, Room 632
Dallas, TX 75242

Dear Mr. Sato:

Please find enclosed the response from the Louisiana Department of Health and Hospitals, Office of Public Health, Bureau of Emergency Medical Services to your report number A-06-08-00075.

In addition to the items noted that we would like for you to consider in the body of your final report, please find responses to specific recommendations noted in your report and the status of actions taken. We would also like to point out more specific corrective actions instituted by this office going forward. Beginning with the current allocation cycle, we have already instituted policies and procedures to ensure provider compliance. These policies were given to the providers as part of the Rounds mentioned in our response. In addition to the presentation, the new spending agreement for this cycle outlines these procedures and also gives a more detailed list of approved expenditures. Previous spending agreements from the 04/05 period were more vague in this area and the Bureau has become more specific. We will, of course, continue to develop and modify the procedures prior to the next grant cycle to ensure compliance.

We appreciate the work done by the Office of the Inspector General and will continue to work towards complete and accurate compliance to all Grant requirements. If you have any questions, please feel free to contact me at 225-939-7480 or through e-mail at rpotts@dhhs.la.gov.

Sincerely,

Ross Pottschmidt
Program Manager
Bureau of EMS

**LOUISIANA BUREAU OF EMERGENCY MEDICAL SERVICES
RESPONSE TO OFFICE OF INSPECTOR GENERAL
REPORT NUMBER A-06-07-000975**

The Louisiana Bureau of Emergency Medical Services (BEMS) has reviewed the Office of the Inspector General's (OIG) final draft report entitled "*The Review of Louisiana Bioterrorism Hospital Preparedness Program*" and recognizes the time and effort the OIG has given to this audit. BEMS wishes to respond to the findings of the audit report and to outline new initiatives which will address the OIG recommendations for the future.

The draft audit report contains seven (7) recommendations. In cooperation with LHA, the Bureau of EMS has developed a corrective action table to address all seven of the OIG's recommendations. Each recommendation along with its corrective actions and/or planned action and completion dates are listed below.

Audit Recommendations	Action Taken	Planned Action
Refund \$53,085 in undocumented expenditures to HRSA	Claiborne Ambulance: Invoices have been received in the amount of \$15,875. Letter sent on 7/28/08 requesting cancelled checks as proof of payment. Emergystat left Louisiana with all documentation and then filed bankruptcy in 2007. Shreveport fire has supplied all documentation.	BEMS has instituted strict policies for compliance and will alter future allocation models to reflect non-compliance of providers and future funding for these providers.
Refund \$21,292 for program funds spent 90 days after the Federal Program funding period to HRSA	An amended contract extending the spending deadline was sent to the providers in Appendix B of the OIG audit report on 7/28/08. Amended contracts were sent to Christus Schumpert Ambulance, St. Charles Parish Ambulance and Tulane EMS	BEMS will ensure that all extensions are in writing and a copy of the extension letter has been placed in the provider's file.

<p>Refund \$97,246 in undisbursed Program funds to HRSA</p>	<p>Several providers returned grant funds that were unencumbered for the grant year. This amount remains in LHA bank account and for FY 2005 and FY 2006 and will be returned to DHH the week of August 5, 2008.</p>	<p>BEMS has outlined a quarterly reporting form that will be sent to DHH to update them of spending status.</p>
<p>Review the \$1,465,456 in EMS funds that were disbursed after the Program's period had ended to ensure that it was spent on allowable Program expenditures and amend the contract with LHA relating to these funds.</p>	<p>BEMS agreement with LHA allowed for corrective actions to be invoked until all funds from 2004 and 2005 were accounted. Of the \$1,530,531.33 all was disbursed except \$65,070.00, which left a balance of \$1,465,456, as each provider completed their proof of purchase the funds were released accordingly</p>	<p>BEMS has established a means to validate proof of payment for released funds. At this time, any provider that has not submitted documentation as proof of funds being spent will not be eligible for the following grant year funds. Each deadline date is posted on the agreement along with the statement for future funds.</p>
<p>Review funds spent by EMS providers after the spending agreement deadlines and if determined to be proper, amend the spending deadlines in the contracts with LHA and the Bureau relating to these funds.</p>	<p>An amended contract extending the spending deadline was sent to the providers in Appendix B of the OIG audit report on 7/28/08</p>	<p>BEMS will ensure that all extensions are in writing and a copy of the extension letter has been placed in the provider's file.</p>
<p>Ensure that the requirements in future spending agreements with EMS providers are followed.</p>	<p>BEMS has revised its policies and procedures to include yearly Rounds which are mandatory for Providers. These meetings will allow BEMS the possibility to educate providers on grant requirements and deadlines.</p>	<p>BEMS will continue to educate providers in grant requirements and deadlines.</p>

<p>Monitor grant and subgrant supported activities to assure compliance with applicable Federal requirements and achievement of performance goals.</p>	<p>BEMS has revised its policies and procedures to include yearly Rounds which are mandatory for Providers. These meetings will allow BEMS the possibility to educate providers on grant requirements and deadlines.</p>	<p>BEMS will continue to educate providers in grant requirements and deadlines.</p>
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In addition, BEMS requests modifications to the final report on the following points:

1. **Report states on page 6, first paragraph:** "The Bureau did not monitor EMS providers because it did not fulfill its requirement to review receipts and other supporting documentation to verify that expenditures were allowable."

BEMS Response: BEMS requests that this statement be deleted since it implies that BEMS made no attempt to monitor EMS providers' compliance to grant requirements. In fact, of the providers allocated grant funds during this period, files are complete for most. Those providers for which supporting documentation is missing were contacted on numerous occasions by telephone or email requesting missing documentation and as the OIG notes in the same paragraph, they were not able to obtain any additional documentation in most cases.

2. **Report states on page 6, first paragraph:** "Without this support, the Bureau had no assurance that the expenditures were paid or that the providers were spending Program funds on allowable expenditures."

BEMS Response: BEMS requests that this phrase be deleted from the report or modified since it implies that the Bureau was not able to assure that expenditures were properly made and documented for all recipients of

Grant funds. This is not the case, as the OIG audit findings are taken from a random sampling which indicate that only seven providers had missing documentation and that of these four had been affected by Hurricane Katrina and were therefore, not subject to question.

The Louisiana Bureau of Emergency Medical Services recognizes the value of the review of grant procedures performed by the OIG and with the modifications mentioned above and the continuation of corrective actions to be taken by the Bureau in the future, we feel that Grant performance and deliverables will be met.