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Batchelder Associates, PC

**AGREED-UPON PROCEDURES REPORT**

**FOR**

**PATIENT BILLING**

**CHARLOTTE VOLUNTEER FIRE AND RESCUE SERVICES, INC.**

**January 14, 2013**

**Agreed-Upon Procedures  
Completed by  
Batchelder Associates, P.C.**

Bonnie K. Batchelder • Certified Public Accountant

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**AGREED-UPON PROCEDURES REPORT**

**FOR**

**PATIENT BILLING**

**PATIENT BILLING TESTING JULY 1, 2007 THROUGH JUNE 30, 2012  
FORENSIC ANALYSIS**

**BATCHELDER ASSOCIATES, PC**

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**Batchelder Associates, PC**  
**REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS**

Charlotte Volunteer Fire and Rescue Services, Inc.  
Charlotte, Vermont

Batchelder Associates, PC has performed the procedures enumerated below, which were agreed to by the Charlotte Volunteer Fire and Rescue Services, Inc (CVFRS) and the Town of Charlotte. These procedures were performed solely to assist Charlotte Volunteer Fire and Rescue Services, Inc. in evaluating the fair and reasonable compensation of patient billing based on the run sheets submitted to Newport Ambulance Services, Inc. for claim filings to insurance carriers and private pay individuals. In addition to the insurance carrier invoicing, Batchelder Associates, PC evaluated the fair and reasonable compensation of intercept billing based on the call logs submitted by Charlotte Volunteer Fire and Rescue Services, Inc.

We performed this agreed-upon procedures engagement 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 of America and in accordance with attestation standards of the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the specified users of the report. Consequently, we make no representation regarding the sufficiency of the procedures described for any other purpose.

1. Procedure – Contract Between CVFRS and Newport Ambulance: We reviewed the financial payment terms and conditions of the contract between Newport Ambulance Services, Inc. and Charlotte Volunteer Fire and Rescue Services, Inc.

Finding We found Newport Ambulance Services, Inc. is meeting their obligations as outlined in the contract.

2. Procedure – CVFRS Internal Controls: We reviewed Charlotte Volunteer Fire and Rescue Services, Inc. internal controls procedures for submissions to Newport Ambulance Services, Inc. (See attached Exhibit A; the procedures were obtained from conversations with staff of CVFRS and Newport Ambulance Services, Inc.)

Finding We found that Charlotte Volunteer Fire and Rescue Services, Inc. has submitted invoicing requests to Newport Ambulance Services, Inc. on a regular basis. However, it is noted, there are a number of call reports that do not appear to be submitted to Newport Ambulance Services, Inc. for processing.

Bonnie K. Batchelder • Certified Public Accountant

It is noted, between July 1, 2007 and October 2, 2008 Newport Ambulance Services, Inc. used Medisoft medical Billing Software for patient billing that was unable to generate reports on a fiscal or annual basis. Requested reports were pulled on a per call/patient basis. On October 3, 2008 Newport Ambulance changed to Tri Tech Billing Software (formally known as Ortivus) for patient billing that has the capability to produce reports on a fiscal and calendar year basis. The new software has the ability to produce a Call Detail report, an aging accounts receivable report and a Credit Detail Report. Batchelder Associates, PC was able to trace the invoiced calls from the Credit Detail Report to CVFRS QuickBooks records, to confirm recording of payments.

During October, 2011 the State of Vermont mandated use of an online reporting system for all ambulance services called the SIREN system. Each time CVFRS was called and transported a patient to a hospital, the Crew Chief was and is required to provide through the SIREN system all pertinent patient information. This is the same information that would have been provided on the paper call reports. It is noted there are a number of call reports submitted via the SIREN system not invoiced to either an insurance carrier or the responsible person. Based on Exhibit A, Newport Ambulance Services, Inc. logs into the SIREN system on a weekly basis to complete invoicing.

Conclusion As outlined in Procedure #3, a potential loss of revenue to CVFRS was created due to the unsubmitted calls.

3. Procedure – Call Reports Submission: We traced 100% of the call reports from CVFRS submitted to Newport Ambulance Services, Inc. to the Call Detail created by Newport Ambulance Services, Inc.

Finding For those call reports tested, the table below represents a summary of our findings: (see attached Exhibits B – F for specific detail)

Fiscal Year	Number of Call Reports	Number of Call Reports Submitted	Unsubmitted Call Reports	Average Loss of Revenue
2008	210	195	15	\$11,293
2009	192	156	36	\$27,576
2010	187	163	25	\$22,085
2011	188	161	27	\$22,916
2012	221	188	33	\$ 7,325

Explanation of formula used: “Average Loss of Revenue” - Total dollar amount of receipts for the fiscal year recorded on the Credit Detail Report (provided by Newport Ambulance) divided by Number of Call Reports to determine the average dollar amount per call. Multiply the average dollar amount by the Unsubmitted Call Reports.

A subsequent review has been completed by CVFRS staff of the unsubmitted call reports. For fiscal year 2012, of the 33 unsubmitted call reports, 24 were determined to be intercept calls. (see Procedure 7).

**Conclusion** Based on the number of unsubmitted call reports, there is average loss of revenue to CVFRS totaling \$91,195. Batchelder Associates, PC determined the average loss of revenue by totaling 100% of gross invoice amounts from the Credit Detail report and the total number of call reports for each fiscal year. However, there has been an average of 35% on an annual basis written off by the insurance companies (see Procedure 9). By applying the 35% average insurance write-offs, we estimate it will reduce the loss of revenue to \$59,277.

It is recommended, at a minimum, the past two years of unsubmitted call reports that are considered billable to a carrier are reviewed. Some carrier's will accept claims which are one or two years old to be processed.

4. **Procedure – Revenue/Receipts** Based on the original testing and further discussion with the Board, Batchelder Associates, PC contacted Newport Ambulance Services, Inc. for third party detail to include copies of checks of checks and all supporting documents for individual transaction comprised in the above table. The results of this testing narrowed the unaccounted for patient billing to the table below:

Fiscal Year	Number of Unaccounted Receipts	Total Unaccounted Dollars	Number of Unaccounted Receipts	Subsequent Unaccounted for Dollars
2008	25	\$12,784	5	\$2,965
2009	11	\$4,845	10	\$3,110
2010	11	\$5,215	4	\$1,235
2011	16	\$3,956	7	\$1,322
2012	13	\$2,739	4	\$ 920

**Conclusion** There is still currently a total of \$9,552 in funds received by Newport Ambulance forwarded to CVFRS unaccounted for as Patient Billing Revenue.

5. **Procedure – Comparative Analysis** With the additional information provided by Newport Ambulance Services, Inc., Batchelder Associates, PC had the ability to locate many of the outstanding receipts. In addition, Batchelder Associates, PC performed a procedure comparing the total amount of credit detail provided by Newport Ambulance Services, Inc. to total receipts by CVFRS.

**Conclusion** We found the amount of funds deposited and posted to patient billing to be comparative. With this being said, due to the inconsistent manner of completing deposits on a timely manner plus the inconsistent manner in which they were recorded in the QuickBooks file, there is the potential for fraudulent activity to have taken place.

Based on the outcome of the Agreed-Upon Procedures, there is a total of \$9,552 of patient billing that are unaccounted for, however, we found the amount of funds deposited and posted to patient billing to be comparative. With this being said, due to the inconsistent manner of completing deposits on a timely manner plus the inconsistent manner in which they were recorded in the QuickBooks file, there is the potential for fraudulent activity to have taken place. We, however, found no factual or documented incidents of fraudulent activity.

6. Procedure - Deposits Batchelder Associates, PC traced 100% of checks payable to Charlotte Volunteer Fire and Rescue Services, Inc. which were received by Newport Ambulance Services, Inc. We examined for timeliness deposit to TD Bank and Citizens Bank. Newport Ambulance Services, Inc. forwards checks to CVFRS on a bi-weekly basis to be deposited. All federal reimbursements (Medicare, Medicaid and VA payments) are direct deposited to the bank accounts.

Finding We determined that 100% of the deposits recorded in CVFRS's QuickBooks file were deposited to TD Bank and Citizens Bank. However, there was a significant time lag between the receipts of the checks and the time the funds were actually deposited to the banks. In many cases, checks were not deposited for months from the time received from Newport Ambulance Services, Inc. Medicaid reimbursements are direct deposited to CVFRS operating account. Medicare and VA reimbursements are direct deposited to the capital project fund of the Town of Charlotte, a reserve fund for CVFRS for equipment purchases.

Conclusion Batchelder Associates, PC finds it concerning and unreasonable that deposits are not completed on a bi-weekly basis upon receipt of the insurance and private pay checks.

7. Procedure – Intercept Runs CVFRS provides Intercept Services effective March, 2011 which are invoiced on a monthly basis by CVFRS administration and currently the Town clerk/Treasurer. Intercept Services occurs when CVFRS is called to provide services for other local ambulance services. A flat fee of \$225 is charged per intercept to each ambulance service. On a monthly basis the call log is provided to the individual (outlined above) who completes the billing on behalf of CVFRS.

Finding In response to copies of the invoices and receipts for the Intercept invoicing it has been determined invoicing did not start until the March 8, 2012 intercepts with Vergennes. Intercepts performed March, 2011 through March, 2012 were not invoiced to the local ambulance services. The ambulance was out of service for a great portion of 2010. Local ambulance services lent their ambulance to CVFRS for their use during 2010 and as a way to repay the local ambulances for their assistance, intercept invoicing was not pursued during calendar year 2011.

However, Intercept invoicing was to begin again in January, 2012. But in completing testing, invoices were not created until March, 2012.

**Conclusion** Invoicing for intercept calls should have started with services provided in January, 2012. Based on the call logs provided by CVFRS there is a total of six (6) intercept calls of which three (3) intercept calls not invoiced which totals \$675 in loss of income to CVFRS.

8. **Procedure - Reports** Newport Ambulance Services prepares every three to four weeks a report for outstanding accounts receivable. The report is sent to the Chief of Operations, CVFRS for review. After review, the Chief of Operations advises Newport ambulance which accounts are to be turned over to collections. All payments are received by Newport Ambulance Services for recording against the open accounts receivable. Checks are payable to Town of Charlotte or Charlotte Volunteer Fire and Rescue Services, Inc.

**Finding** Below is a listing of accounts receivable with Newport Ambulance written off:

Fiscal Year	Number of Accounts Written Off	Total Amount Written Off
2008	34	\$8,806
2009	5	\$272
2010	0	\$0
2011	0	\$0
2012	2	\$1,207

**Conclusion** There is not a report generated on a routine basis (monthly preferably) and sent to CVFRS for review of what has been written-off or the accounts that have been turned over to collections. CVFRS does not receive confirmation from Newport Ambulance Service of the accounts that have been written off. There is \$34,658.56 as of June 30, 2012 in the over 180 days on the Accounts Receivable report. Other than the write-off's that are completed for residents there does not seem to be consistent practice to review outstanding accounts nor is there a policy in place to determine what and when a receivable becomes uncollectible.

9. **Procedure -- Insurance Carrier Write-offs** When claims are submitted to the various insurance carriers, the federal carriers do not pay the claims at 100% creating a write-off amount dictated by the carrier.

Finding Below is a listing of the amounts written off each year by insurance carriers:

Fiscal Year	Total Amount Written Off
2008	\$49,184
2009	\$45,609
2010	\$35,602
2011	\$43,108
2012	\$10,292

Conclusion The insurance adjustments are at the discretion of the carriers and can not be changed or negotiated on behalf of CVFRS. This is relevant and should be considered when reviewing the billing that is invoiced and what was actually paid by the carriers. This should also be considered when developing the annual budget and when determining fee schedules.

10. Procedure – Subscriptions The town residents were able to purchase “subscriptions” for fire and rescue services. The fee was \$40 per year and were payable to CVFRS. The collected funds were to be deposited to CVFRS special fund account held at People’s United Bank. The “subscription” service was discontinued in June, 2010.

Finding Batchelder Associates was not able to confirm any receipts from the “subscriptions” purchased by the residents. A request was made to CVFRS to provide the back-up of the “subscriptions” and none were located, however, it is noted there are write-off’s created by Newport Ambulance, some write-off’s were due to the “subscription”.

Conclusion The “subscription” income can not be accounted for and without the back-up from CVFRS we are not able to determine what the loss of income to CVFRS may be.

11. Procedure – Revenue Deposit Comparison A review was completed to compare Patient Billing revenue received in total to the agreed upon 8% paid to Newport Ambulance Services, Inc. and funds sent to the Town of Charlotte.

Finding

Below is a listing of the amounts received and paid:

Fiscal Year	Patient Bill Funds Received	Paid to Town of Charlotte	Paid to Newport Ambulance	Variance
2008	\$94,989	\$88,114	\$7,936	(\$1,061)
2009	\$55,544	\$49,167	\$5,850	\$527
2010	\$72,419	\$52,782	\$9,765	\$9,872
2011	\$85,061	\$65,460	\$8,075	\$11,526
2012	\$31,029	\$26,586	\$4,305	\$138

It was noted in our findings Patient Billing revenue received after February 1, 2012 was deposited directly to the Town of Charlotte's Citizen's Bank operating account. The total amount of funds deposited to this account was \$32,157.

Conclusion

Based on the agreement with the Town of Charlotte, there is an underpayment due to the Town of Charlotte in the amount of \$21,002.

In accordance with the United States *Government Auditing Standards*, we are required to report findings of deficiencies in internal control, violations of provisions of contracts or grant agreements, and abuse that are material to the subject matter of the procedures listed above and any fraud and illegal acts that come to our attention in performing those procedures. The purpose of our engagement was to perform the above procedures and was not to express an opinion or provide any form of assurance on internal controls, compliance, or any other matter. In performing the procedures, we observed certain deficiencies, as summarized above and as detailed in the attached Exhibits, that we believe represent matters required to be disclosed. Batchelder Associates, PC recommendations are outlined in Exhibit L.

This report is solely for the use of the Charlotte Volunteer Fire and Rescue Services, Inc. and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. This report is a matter of public record, and available at Charlotte Volunteer Fire and Rescue Services, Inc. and the Town of Charlotte, Vermont.

*Batchelder Associates, P.C.*

Barre, Vermont  
November 8, 2012

## CHARLOTTE FIRE AND RESCUE PATIENT BILLING PROCESSES

### Insurance and Private Pay Current Process -

1. Crew Chief completes the pertinent patient information (same information previously needed on the EMS call report – goldenrod form) at the hospital on the SIREN system.
2. Once back at the fire station, each trip is logged into the call log with date, incident number (call #), patient's initials, etc.
3. Insurance sheets for billing purposes are provided by the hospital which in turn is forwarded to Newport Ambulance.
4. On a weekly basis Newport Ambulance logs on to the State Siren program and bill CVFRS runs (both insurance and private pay claims).
5. Insurance checks and private pay checks are made payable to the Town of Charlotte, CVFRS but received by Newport Ambulance for crediting against the open accounts receivable.
6. On a biweekly basis Newport Ambulance sends the checks to the CVFRS for depositing.
7. All federal payments, i.e., Medicare, Medicaid and VA are direct deposit to the Town of Charlotte's bank account.

### Collections/Write-off –

1. Newport Ambulance prepares a report every three to four weeks and sends it to the Chief of Operations, CVFRS for review.
2. The Chief of Operations reviews and advises Newport Ambulance which accounts are to be turned over to collections.
3. Funds received from the collection agency are sent to Newport Ambulance but are payable to the Town of Charlotte, CVFRS.
4. Newport Ambulance records the payments collected by the collection agency.
5. Write-offs are completed on an ongoing basis. Write-offs are allowances the insurance companies do not cover. Example - a claim for \$100 is submitted, the insurance company allows \$80 therefore creating a \$20 write-off. This process is only for Charlotte Residents and if the resident has no insurance that is written off also.
6. Currently there is not a report generated and sent to the Town of what is in collections or what has been written-off. There is no report but they are the ones making the decision.

On a quarterly basis, Newport Ambulance creates an invoice to the Town of Charlotte for their 8% fee. The invoice includes a quarterly report of payments

received by Newport Ambulance which is used to determine the fee. Currently, there is not a quarterly reconciliation completed to take into account any "take backs" from the insurance companies. "Take backs" are when an insurance company pays a claim incorrectly and the monies are reconciled on the remittance advice.

Intercepts –

1. A flat fee of \$225 is charged per intercept to each ambulance service when CVFRS is called to provide services.
2. On a monthly basis the call log is given to the Town Clerk/Treasurer to complete the monthly intercept invoicing to the ambulance services.
3. Checks are made payable to the Town of Charlotte and are deposited to the Fire and Rescue special fund account held by the Town of Charlotte.

Subscriptions –

Prior to June, 2010 residents of the Town of Charlotte were able to purchase "subscriptions" for fire and rescue services. The fee was \$40 per year. The fees were payable to CVFRS and deposited to the special funds account. The subscription was discontinued in June, 2010.

CVFRS  
Unsubmitted Call Reports  
For Year Ended June 30, 2008

EXHIBIT B

Incident #	Call Rec.	Date
7627	1317	2/21/2008
7375	1557	3/28/2008
7472	142	3/30/2008
7531	1859	3/30/2008
9621	1854	4/27/2008
10131	719	5/5/2008
10156	1300	5/5/2008
10902	1609	5/15/2008
12048	730	5/20/2008
12113	1830	5/30/2008
12151	1016	5/31/2008
13255	1201	6/14/2008
13945	1922	6/22/2008
13987	1014	6/23/2008
13999	1230	6/23/2008

CVFRS  
 Unsubmitted Call Reports  
 For Year Ended June 30, 2009

EXHIBIT C

Incident #	Call Rec.	Date
18165	26	8/13/2008
18218	1422	8/13/2008
19526	1617	8/29/2008
19519	832	8/29/2008
19652	1653	8/30/2008
21393	926	9/20/2008
21637	853	9/23/2008
22342	1626	10/1/2008
27021	1213	10/1/2008
22520	245	10/4/2008
22708	1521	10/8/2008
24044	128	10/24/2008
24078	1414	10/24/2008
26418	2008	11/23/2008
26567	1354/1358	11/25/2008
26739	910	11/28/2008
26795	1916	11/28/2008
28987	906	12/23/2008
28987	906	12/23/2008
28987	906	12/23/2008
29064	2135	12/23/2008
29373	1729	12/27/2008
2809	555	2/1/2009
2912	1216	2/2/2009
9	2223	2/22/2009
14	1151	2/26/2009
18	425	3/7/2009
24	1215	3/17/2009
ver104	1851	3/22/2009
096IR0112	1404	4/28/2009
66	1424	6/8/2009
73	818/820	6/26/2009
74	744	6/27/2009
75	1003	6/27/2009
HIRO130	2202	6/28/2009
78	743	6/29/2009

Unsubmitted Call Reports  
For Year Ended June 30, 2010

Incident #	Call Rec.	Date		
	1301	7/12/2009		
09VER0012	923	8/4/2009		
09VER0644	1419	10/21/2009		
187	1600	12/27/2009		
188	2256/2305	12/27/2009		
189	1353	12/29/2009		
60	850	2/2/2010		
55	1111	2/2/2010		
58	1406	2/2/2010		
10	1900	2/4/2010		
12	708	2/5/2010		
13	1407/1411	2/5/2010		
14	1519	2/8/2010		
15	2335	2/9/2010		
VER0074	304	2/13/2010		
66	1040	2/13/2010		
17	139	2/15/2010		
19	906	2/16/2010		
21	857	2/17/2010		
10VER0009	1939	2/17/2010		
94	1057/1102	2/19/2010		
VER96	1531/1537	2/19/2010		
SHR 105	735	No date provided on the call sheet		
VER110	1448	2/25/2010		
64	2114	5/17/2010		

CVFRS  
 Unsubmitted Call Reports  
 For Year Ended June 30, 2011

EXHIBIT E

Incident #	Call Rec.	Date
329	920	7/8/2010
397	1038	7/8/2010
137	943	9/3/2010
147	1710	9/10/2010
159	1010	9/28/2010
549	2246	9/29/2010
163	1430	10/2/2010
164	1909	10/2/2010
1607	811	10/4/2010
166	1636	10/14/2010
10VER0724	1823	12/7/2010
208	2041	12/7/2010
43	1345	4/4/2010
84	1302	5/23/2011
CHAR-11-79	1925	5/23/2011
NEC-0264	1223	6/3/2011
VER0293	1655	6/6/2011
92	420	6/9/2011
92	531	6/10/2011
94	389	6/10/2011
11CRS96	615	6/12/2011
VERD308	1907	6/15/2011
101	818	6/18/2011
11VER-9328	807	6/24/2011
105	1138	6/24/2011
106	2113	6/28/2011
983	1515	6/16/2011

CVFRS  
 Unsubmitted Call Reports  
 For Year Ended June 30, 2012

EXHIBIT F

Incident #	Call Rec.	Date
108	2052	7/4/2011
349	2357	7/4/2011
379	2756	7/17/2011
133	2000	8/10/2011
448	1711	8/11/2011
138B	1855	8/16/2011
150	1212	8/25/2011
11-H1R0169	1242	9/20/2011
Verg-R4-530	7056	9/20/2011
169	859	9/21/2011
Verg-D543	1439	9/21/2011
11-H1R-170	1501	9/22/2011
(Richmond) 0357	2010	9/26/2011
The following calls are from the SIREN system**		
		10/3/2011
		10/12/2011
		10/18/2011
		10/27/2011
		11/17/2011
		11/19/2011
		11/24/2011
		12/6/2011
		12/13/2011
		12/16/2011
		12/26/2011
		1/18/2012
		2/10/2012
		2/27/2012
		3/8/2012
		3/25/2012
		5/7/2012
		5/23/2012
		6/4/2012
		6/22/2012
** The SIREN report does not provide incident or call numbers.		

CVFRS  
Patient Billing Unaccounted Receipts  
For Year Ended June 30, 2008

EXHIBIT G

Call No/Case No.	Call Date	Received Date Per Newport Credit Detail Report	Amount	Received from NAS	Traced to Deposits	Unaccounted Amount
363	10/2/2007	1/23/2008	\$312.00	Yes	Yes	
417	10/16/2007	11/29/2007	\$670.10	Yes	Yes	
418	10/14/2007	11/27/2007	\$971.90	Yes	Yes	
		11/26/2007	\$861.33	No	No	\$861.33
409	10/7/2007	11/29/2007	\$95.30	Yes	Yes	
384	8/18/2007	3/11/2008	\$545.33	No	No	\$545.33
10 01	10/18/2007	3/24/2008	\$890.20	Yes	Yes	
10 05	10/26/2007	1/15/2008	\$457.73	No	No	\$457.73
11 04	11/4/2007	1/23/2008	\$89.05	Yes	Yes	
11 05	11/5/2007	1/23/2008	\$89.05	Yes	Yes	
11 06	11/7/2007	1/23/2008	\$117.19	Yes	Yes	
11 08	11/9/2007	1/23/2008	\$72.24	Yes	Yes	
11 13	11/20/2007	2/4/2008	\$846.90	Yes	Yes	
11 14	11/23/2007	3/5/2008	\$15.56	Yes	Yes	
12 02	12/4/2007	1/23/2008	\$912.75	Yes	No	\$912.75
12 02	12/4/2007	2/7/2008	\$50.00	Yes	Yes	
12 05	12/16/2007	3/11/2008	\$737.75	Yes	Yes	
12 07	12/18/2007	3/24/2008	\$890.20	Yes	Yes	
01 02	1/4/2008	3/31/2008	\$821.90	Yes	Yes	
02 05	2/7/2008	3/28/2008	\$915.20	Yes	Yes	
02 07	2/8/2008	3/11/2008	\$790.55	Yes	Yes	
04 02	4/3/2008	5/19/2008	\$1,037.75	Yes	Yes	
02 10	2/25/2008	5/13/2008	\$94.36	Yes	Yes	
01 08	1/20/2008	8/11/2008	\$311.88	Yes	Per Cookie Write Off	
06 13	6/27/2008	8/26/2008	\$187.43	Yes	No	\$187.43
<b>Total</b>			<b>\$12,783.65</b>			<b>\$2,964.57</b>

CVFRS  
Patient Billing Unaccounted Receivables  
For Year Ended June 30, 2009

EXHIBIT H

Call No/Case No.	Call Date	Received Date Per Newport Credit Detail Report	Amount	Received from NAS	Traced to Deposits	Unaccounted Amount
07 08	7/12/2008	9/25/2008	\$133.56	Yes	Yes	
07 18	7/30/2008	9/22/2008	\$386.25	Yes	No	\$386.25
05 08	5/17/2008	12/9/2008	\$248.56	Yes	No	\$248.56
08 03	8/6/2008	10/23/2008	\$1,021.25	Yes	No	\$1,021.25
09 15	9/29/2008	11/24/2008	\$19.25	Yes	Yes	
10 04 08	10/3/2008	11/4/2008	\$940.20	Yes	Yes	
10 05 08	10/11/2008	12/1/2008	\$94.27	Yes	No	\$94.27
07 03	7/4/2008	2/9/2009	\$102.06	Yes	No	\$102.06
10 07 08	10/16/2008	3/30/2009	\$642.00	Yes	Per Cookie Write Off	
12 03 08	12/6/2008	3/12/2009	\$214.25	Yes	No	\$214.25
10 11 08	10/30/2008	5/20/2009	\$815.20	No	No	\$815.20
08 19	8/24/2008	2/23/2009	\$70.99	No	No	\$70.99
01 06 09	7/17/2009	2/23/2009	\$15.01	No	No	\$15.01
01 12 09	1/25/2009	3/4/2009	\$142.45	No	No	\$142.45
<b>Total</b>			<b>\$4,845.30</b>			<b>\$3,110.29</b>

CVFRS  
 Patient Billing Unaccounted Receivable  
 For Year Ended June 30, 2010

EXHIBIT I

Call No/Case No.	Call Date	Received Date Per Newport Credit Detail Report	Amount	Received from NAS	Traced to Deposits	Unaccounted Amount
08 13 09	8/17/2009	9/3/2009	\$ 842.88	Yes	Yes	
08 17 09	8/21/2009	10/20/2009	\$ 884.00	Yes	No	\$884.00
10 10 09	10/25/2009	12/8/2009	\$ 105.59	Yes	Yes	
10 12 09	10/30/2009	12/8/2009	\$ 71.54	Yes	Yes	
11 07 09	11/10/2009	12/8/2009	\$ 971.90	Yes	Yes	
11 10 09	11/18/2009	2/1/2010	\$ 987.75	Yes	Yes	
01 01 10	1/1/2010	2/17/2010	\$ 896.90	Yes	Yes	
01 06 10	1/29/2010	3/3/2010	\$ 102.98	Yes	Yes	
02 13 10	2/19/2010	3/23/2010	\$ 157.86	No	No	\$157.86
02 08 10	2/13/2010	5/4/2010	\$ 139.95	Yes	No	\$139.95
04 11 10	4/20/2010	5/25/2010	\$ 53.51	Yes	No	\$53.51
<b>Total</b>			<b>\$ 5,214.86</b>			<b>\$1,235.32</b>

CVFRS  
Patient Billing Unaccounted Receivable  
For Year Ended June 30, 2011

EXHIBIT J

Call No/Case No.	Call Date	Received Date Per Newport Credit Detail Report	Amount	Received from NAS	Traced to Deposits	Unaccounted Amount
02 09 10	2/13/2010	7/20/2010	\$1,037.75	Yes	Yes	
05 01 10	5/2/2010	9/30/2010	\$766.80	Yes	Yes	
05 06 10	5/21/2010	9/15/2010	\$500.00	Yes	No	\$500.00
06 09 10	7/2/2010	8/10/2010	\$100.00	Yes	No	\$100.00
10 03 09	10/1/2009	10/5/2010	\$50.00	Yes	Yes	
10 03 09	10/1/2009	11/11/2010	\$70.30	Yes	Yes	
10 03 09	10/1/2009	12/7/2010	\$50.00	Yes	Yes	
05 06 10	5/21/2010	10/19/2010	\$378.00	Yes	No	\$378.00
07 02 10	7/4/2010	10/5/2010	\$200.72	Yes	Yes	
07 20 10	7/24/2010	12/20/2010	\$101.42	Yes	Yes	
08 20 10	8/11/2010	11/9/2010	\$20.00	Yes	No	\$20.00
08 04 10	8/13/2010	10/5/2010	\$171.03	No	No	\$171.03
09 07 10	9/8/2010	11/2/2010	\$255.57	Yes	Yes	
09 16 10	9/26/2010	10/28/2010	\$101.42	Yes	Yes	
01 02 11	1/7/2011	2/24/2011	\$103.24	Yes	No	\$103.24
01 07 11	1/17/2011	2/24/2011	\$49.64	Yes	No	\$49.64
<b>Total</b>			<b>\$3,955.89</b>			<b>\$1,321.91</b>

CVFRS  
 Patient Billing Unaccounted Receivables  
 For Year Ended June 30, 2012

EXHIBIT K

Call No/Case No.	Call Date	Received Date Per Newport Credit Detail Report	Amount	Received from NAS	Traced to Deposits	Unaccounted Amount
06 02 11	6/6/2011	11/10/2011	\$100.00	Yes	No	\$100.00
06 08 11	6/18/2011	11/15/2011	\$141.28	Per Cookie W/O		
08 10 11	8/19/2011	12/1/2011	\$98.25	Yes	Yes	
08 19 11	8/31/2011	11/2/2011	\$50.50	Yes	Yes	
08 19 11	8/31/2011	12/22/2011	\$50.00	Yes	No	\$50.00
09 01 11	9/1/2011	11/2/2011	\$94.46	Yes	Yes	
09 07 11	9/10/2011	11/2/2011	\$745.82	Yes	Yes	
09 08 11	9/11/2011	12/28/2011	\$625.00	Yes	No	\$625.00
09 09 11	9/11/2011	1/31/2012	\$145.05	Yes	No	\$145.05
09 15 11	9/14/2011	1/26/2012	\$100.00	Yes	Yes	
09 15 11	9/14/2011	5/14/2012	\$393.88	Yes	Yes	
09 12 11	9/17/2011	11/2/2011	\$102.83	Yes	Yes	
09 13 11	9/19/2011	11/2/2011	\$92.33	Yes	Yes	
<b>Total</b>			<b>\$2,739.40</b>			<b>\$920.05</b>

**AGREED-UPON PROCEDURES REPORT**  
**FOR**  
**CHARLOTTE VOLUNTEER FIRE AND RESCUE SERVICES, INC.**  
**BATCHELDER ASSOCIATES, PC**  
**DETAILS OF RECOMMENDATIONS**

**January 14, 2013**

***Recommendations:***

Procedure 1: We recommend the contract with Newport Ambulance Services, Inc. be reviewed and updated as necessary on an annual basis by the Board. The current contract in place is dated January, 22, 2007.

Procedure 2: As recommended in Procedure 1 the updated/amended contract with Newport Ambulance Service, Inc. should include reports generated on a monthly basis by Newport Ambulance Services, Inc. to include but not limited to, a list of monthly invoices submitted to carriers or invoiced as a private pay. With the new SIREN system the State has implemented, the current administrator of CVFRS should print, on a monthly basis, a list of calls for comparison to reports submitted by Newport Ambulance Services, Inc. for accuracy of invoicing. It is recommended 100% of these invoices are to be booked as patient billing revenue on a monthly basis.

Procedure 3: By implementing Procedure 2 with the additional reports generated by Newport Ambulance Service, Inc. and the additional SIREN report, there will be an additional internal control of reducing the potential of lost revenue to CVFRS. With the use of the reports, should a call be uninvoiced, it will be discovered and immediately invoiced or Newport Ambulance Service, Inc. provides additional information for the uninvoiced call. It is recommended this procedure be placed into effect immediately due to the determination of the total loss of potential revenue outlined in above findings.

Procedure 4 and 5: Using the recommendation from Procedures 2 and 3, a monthly report of calls should be submitted to the Board at regular board meetings for review and sign off. With this information, the Board can determine an approximation of revenue that will be posted. It is recommended this procedure be placed into effect immediately due to the amount of unrecorded patient billing revenue.

Procedure 6: We recommend that upon receipt of checks from Newport Ambulance, Inc. a deposit is completed within two (2) business days. As of February 1, 2012, funds are deposited to the Town of Charlotte's Citizens Bank operating account. These funds should be deposited to CVFRS operating account. On a monthly basis any funds received from Newport Ambulance Services, Inc. are reconciled and then forwarded to the Town of Charlotte. Federal reimbursements are direct deposited to the Special Funds account the Town of Charlotte holds for CVFRS, Fire and Rescue Fund (Capital Fund).

Procedure 7: We recommend on a monthly basis Intercept invoicing is completed from the prior months call log. It is understood, the invoicing for Intercept calls are completed offline (outside of QuickBooks). We recommend the local ambulance services are set up as customers in QuickBooks or NEMRC and all invoicing is completed through the software. It is also recommended a new Intercept revenue account be set up in QuickBooks or NEMRC. By completing the invoices through QuickBooks or NEMRC the revenue will immediately post to the appropriate account. These invoices and the monthly call log should be submitted to CVFRS for review and then released. This will assure all Intercept invoicing is captured. All checks received from the Intercept invoicing are received in QuickBooks or NEMRC and posted to the open receivable. All checks to be deposited to CVFRS operating account and then on a monthly basis reconciled. After the completed reconciliation, a check is sent to the Town of Charlotte.

Procedure 8: Once recommendation Procedure 2 is implemented, a monthly report of outstanding patient billing balances is sent to Chief of Operations who then reviews for uncollectible invoices. Those invoices are then written off or sent to collections by Newport Ambulance Services, Inc. and confirmation is sent to the Chief of Operations. There is a significant amount of funds currently in the over 180 days on the aging accounts receivable report, these should be reviewed by the Chief of Operations and determined if collectible. It is recommended invoices determined to be uncollectible to written off.

Procedure 9: Insurance write-off's are determined by the carrier's and is not in the control of CVFRS. However, the write-off's should be tracked for the purpose of noting the loss of income. Upon receipt of the remittance advices and checks from Newport Ambulance Services, Inc. a monthly adjustment to record the write-off's is posted. It is recommended

Procedure 10: It has been noted "subscriptions" have been discontinued as of June, 2010.

Procedure 11: We recommend as outlined in Procedure 6, a monthly reconciliation be completed to avoid underpayment to the Town of Charlotte. This reconciliation should be completed using funds deposited to CVFRS operating accounts.

By implementing the above outlined recommendations, CVFRS will have tighter internal controls in place and will have accurate financial statements available for the Board on a monthly basis.

It is further recommended, as outlined in Procedure 2, 100% of the patient billing revenue is accounted/posted on a monthly basis. In addition, by posting 100% of the patient billing revenue on a monthly basis, it will also require implementing Procedures 8 and 9 to be completed on a monthly basis.

By completing the detailed audit, it is the determination of Batchelder Associates, PC there has been limited to no internal controls in place which has allowed the potential of a significant loss of revenue to CVFRS and the Town of Charlotte. It is strongly recommended all of the above outlined procedures are put into place immediately.

Based on the outcome of the Agreed-Upon Procedures, there is a total of \$9,552 of patient billing that is unaccounted for, however, we found the amount of funds deposited and posted to patient billing to be comparative. With this being said, due to the inconsistent manner of completing deposits on a timely manner plus the inconsistent manner in which they were recorded in the QuickBooks file, there is the potential for fraudulent activity to have taken place. We, however, found no factual or documented incidents of fraudulent activity.

In addition, there were \$91,195 in unreported calls, but if an average write-off percentage is taken into consideration, there is a lesser amount to be considered as loss of revenue. It is recommended, as outlined in recommendation for Procedure 3, there is a monthly reconciliation between Newport Ambulance Services, Inc. submitted claims and the SIREN system be completed to avoid loss of revenue.