



# Dave Yost • Auditor of State

## MEMORANDUM

**TO:** Local Region Chief Auditors

**FROM:** Erica Malone, SSAE 16/SAS 70 Coordinator

**DATE:** May 20, 2013

**SUBJECT:** Great Lakes Billing Associates – SSAE 16 & AU-C 402 (SAS 70/88)

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Attached is the most recent Agreed Upon Procedures (AUP) report for the above mentioned service organization's internal controls over billing and collecting emergency medical service (EMS) fees. The report covers the period January 1, 2012 through December 31, 2012. A list of the clients these procedures were performed for is included on page 6.

This report may provide auditors with an understanding and evaluation of controls similar to a Type II SSAE 16 SOC 1 report (reference AU-C 402.11). Auditors should determine the effect, if any, of the findings/results disclosed in this AUP report on their audit. Although the exception noted may not require opinion modification, auditors should consider the significance of the weaknesses and determine whether client communication might be appropriate.

Client control considerations are on page 7.

Also, remember:

- Per 30500 App A, ¶ 6, a SAS 70 (SSAE 16 SOC 1) report provides *no substantive evidence*. Therefore, a SAS 70 (SSAE 16 SOC 1) report alone does not fulfill our audit evidence obligations.
- In reviewing the procedures the auditors performed at GLBA, they are a combination of substantive and control procedures. Therefore, the AUP report will provide evidence of control operating effectiveness and some substantive evidence.
- Judging the sufficiency of evidence is your responsibility. You should read the AUP report and determine whether the substantive procedures and results + *other* substantive procedures **you** performed at an entity are sufficient to support your financial opinion, especially if GLBA's activity is material to a major fund.
- Our financial audit requirements may overlap with A-133 in some respects, but there are significant differences, too. Please consider whether/if your cumulative audit evidence (which should include GLBA's AUP) supports your opinion on the financial statement and your A-133 opinion/report.

**Note:** Auditors should remember to document SOC 1 reports in accordance with AOSAM 30500 Appendix A. In addition, paragraph .14 states that we should not include complete copies of the reports in our working papers because they may contain confidential or proprietary

information for which state or federal law prohibits disclosure – only this memo and pertinent excerpts should be included.

**GREAT LAKES BILLING ASSOCIATES  
CUYAHOGA COUNTY**

**AGREED-UPON PROCEDURES REPORT**

**FOR THE YEAR ENDED DECEMBER 31, 2012**

# BRIAN E. SCHRIEFER CPA

## INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

Great Lakes Billing Associates  
850 Brainard Road  
Highland Heights, Ohio 44143

I have performed the procedures enumerated below, which were agreed to by Great Lakes Billing Associates (GLBA) and Brian E. Schriefer CPA solely to assist the users in evaluating management's assertions about the effectiveness of GLBA's internal controls over billing and collecting emergency medical services (EMS) fees for the period from January 01, 2012 to December 31, 2012. This agreed upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the specified users of the report. Consequently, I make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or any other purpose.

My procedures performed and the related findings are included in the attached exhibit.

I was not engaged to, and did not conduct an examination, the object of which would be the expression of an opinion on management's assertions. Accordingly, I do not express such an opinion. Had I performed additional procedures, other matters might have come to my attention that would have been reported to you.

This report is intended solely for the information and use of Brian E. Schriefer CPA and management of GLBA 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.



Brian E. Schriefer CPA

May 07, 2013

## EXHIBIT

### PROCEDURES PERFORMED

Procedure I – Perform the following testing for one transaction from each of the 36 providers plus an additional 24 randomly selected claims during the period from January 1, 2012 to December 31, 2012

- A. Vouch that an EMS run report exists for the Patient Invoice.

Results: There were no exceptions noted in performing this procedure.

- B. Inspect the Patient Invoice and vouch that each run was assigned a unique claim number by the GLBA system(s).

Results: There were no exceptions noted in performing this procedure.

- C. Inspect the Patient Invoice and vouch that the claim was assessed the proper fee based on the respective approved Client/Provider charges.

Results: There were no exceptions noted in performing this procedure.

- D. Inspect the EMS Run Report to vouch that it identified the provider.

Results: The name of the provider was not identified on a Garfield Heights EMS run report. There were no other exceptions noted in performing this procedure.

- E. Inspect the EMS Run Report to vouch that it identifies the patient name, date of service, level of service, location of call, history of present injury/illness and date of birth (results may vary depending on the provider.)

Results: There were no exceptions noted in performing this procedure.

- F. Vouch that the EMS Run Report information was agreed to the Patient Invoice.

Results: There were no exceptions noted in performing this procedure.

- G. Inspect the remittance notice or copy of check and vouch that the patient name, date of service, and type of service performed are identified.

Results: There were no exceptions noted in performing this procedure.

- H. Vouch that the patient account number and invoice were agreed to the remittance notice or copy of check by a GLBA representative

Results: There were no exceptions noted in performing this procedure.

Procedure II – Inspect 12 Monthly Deposit Recap Reports summarizing collections daily by check, lockbox, Medicare, or Medicaid during 2012 sent to providers and vouch that they were reconciled to the Deposit Record.

Results: This procedure could not be completely tested at GLBA. I inspected Monthly Deposit Recap Reports prepared by GLBA for each provider and agreed it to the Monthly Payment/Adjustment report. There were no exceptions noted in performing this procedure.

Procedure III – Inspect 12 Monthly Sales Recap Reports that summarize the provider collections during 2012 and vouch that the related GLBA Invoice amounts were prepared accurately.

There were no exceptions noted when performing this procedure.

Procedure IV – Inspect one client requested discount or write off for each provider during 2012 and confirm that appropriate authorization was obtained from a GLBA representative.

Results: Four of the providers (Lafayette Jackson Township, Richland Township, Village of Brooklyn Heights, Village of Newburgh Heights) did not have any client requested discounts or write offs. Any write offs noted were due to Medicaid, Medicare or other insurance adjustments. These types of adjustments are authorized to be made by GLBA. A list of these adjustments is provided to each of the specified providers monthly. For the other thirty-two providers, a client requested discount was selected from the Adjustment Report. One of the write offs with the City of Pepper Pike was prematurely written off. GLBA had received a bankruptcy notice from the United States Bankruptcy court but had not yet received the Discharge of Debtor Letter which is required for the write off. All other items selected had supporting documentation on file that the adjustment was approved by the provider.

Procedure V – Inspect written agreements in effect during 2012 between GLBA and each provider to vouch the services to be provided are documented and approval was obtained from applicable clients for said services through a signature on the agreement or some other fashion. Also confirm that the effective dates were documented within the agreement.

Results: Inspected written agreements documenting the services to be provided to each of the specified providers which included the effective dates and signatures. All applicable parties signed the respective provider agreements. Effective dates were documented in each of the agreements inspected.

In the contract with Brecksville, it states that GLBA will: "provide a yearly, SAS70 compliant, audit to the Provider no later than May 15<sup>th</sup> of each year that this Agreement is in effect, accounting for all receipts and expenditures by Great Lakes related to the Provider's ambulance operations under this Agreement, for the preceding year." GLBA provides an annual Agreed-Upon Procedures Report not a SAS70 compliant, audit.

Procedure VI – Attempt to make unauthorized access onto the billing system as a test of security over the billing system. In addition, observe evidence that GLBA uses a firewall to secure internet access.

Results: I could not access the billing system without an authorized password.

Procedure VII – Confirm whether GLBA has software and hardware support agreements from system vendors that were effective during 2012 by inspecting the terms of the agreements on file with GLBA.

Results: I reviewed copies of the software system and hardware support invoices. There is no agreement for the network or hardware support. As a result, Civition provides network, software support and Dell provides hardware support as needed. Billing software support is provided by Zoll Data Systems, Inc. GLBA has a maintenance agreement with Zoll Data Systems, Inc. Employee connectivity software and support is provided by Citrix. GLBA has an annual support agreement with Citrix. There were no exceptions noted in performing this procedure.

Procedure VIII – Attempt to make unauthorized access into GLBA's client and data files as a test of security over relevant client information.

Results: Attempted access to GLBA's client and data files failed due to lack of proper authorization.

Procedure IX – Inspect insurance policies for 2012 to vouch GLBA has obtained hardware/software insurance coverage for disaster recovery. In addition, confirm that GLBA prepared back-ups of computerized client data files daily.

Results: Inspected copies of insurance coverage amounts for loss of hardware and software due to disaster recovery. Coverage amounts were \$10,000 for personal property, \$95,000 for electronic data processing endorsement, and \$1,000,000 for business catastrophic liability. GLBA performs automatic backups each weeknight. The policy for backups is a two week rotation of tapes. Each Friday morning the Thursday night backup is taken offsite by a GLBA employee.

Procedure X – Perform the following testing for 25 randomly selected claims during the period from January 1, 2012 to December 31, 2012:

- A. Vouch that the amount billed on the GLBA invoice agreed to the EMS Run Report and that the proper type of service was entered.

Results: There were no exceptions noted in performing this procedure.

- B. Vouch that the amount billed on the GLBA invoice agreed with the preloaded charges/profile for each provider for the type of services provided.

Results: There were no exceptions noted in performing this procedure.

- C. Inspect a copy of the check for payment, if private payment, or a copy of the explanation of benefits issued by the payer to support that a payment was made.

Results: There were no exceptions noted in performing this procedure.

- D. Vouch the respective payment was posted to the GLBA system with the appropriate deposit date and claim number by tracing the payment to the month end Payment/Adjustment Report.

Results: There were no exceptions noted in performing this procedure.

- E. Vouch the amount invoiced billed to the client by GLBA agrees to the Monthly Deposit Recap Reports (less any applicable GLBA fees).

Results: There were no exceptions noted in performing this procedure.

**OVERVIEW OF PROCEDURES PERFORMED**

The testing completed was for services performed by GLBA during the period from January 01, 2012 through December 31, 2012.

The 60 transactions tested in Procedure I were haphazardly selected from a list of all providers. The entities included:

- 1 Allen-Clay Joint Fire District
- 2 Bath Township
- 3 Bluffton Village
- 4 City of Avon
- 5 City of Beachwood
- 6 City of Bedford
- 7 City of Bedford Heights
- 8 City of Berea
- 9 City of Brecksville
- 10 City of Brooklyn
- 11 City of Garfield Heights
- 12 City of Highland Heights
- 13 City of Mayfield Heights
- 14 City of North Olmsted
- 15 City of North Ridgeville
- 16 City of Olmsted Falls
- 17 City of Parma
- 18 City of Parma Heights
- 19 City of Pepper Pike
- 20 City of Seven Hills
- 21 City of Solon
- 22 City of South Euclid
- 23 City of Strongsville
- 24 Columbia Township
- 25 Harris Township
- 26 Jackson Forest
- 27 Lafayette-Jackson Township
- 28 Olmsted Township
- 29 Putnam County EMS
- 30 Richland Township
- 31 Russell Township
- 32 St. Mary's Warrick EMS
- 33 Village of Brooklyn Heights
- 34 Village of Cuyahoga Heights
- 35 Village of Newburgh Heights
- 36 Williamsport & Deercreek Emergency Squad

**USER CONTROL CONSIDERATIONS**

Determine the amounts on the Monthly Deposit Recap Reports which summarize collections daily by check, lockbox, Medicare, or Medicaid sent to providers, agrees to the corresponding bank statement receipts.