



**STATE OF TENNESSEE  
COMPTROLLER OF THE TREASURY  
DIVISION OF INVESTIGATIONS  
FINANCIAL AND COMPLIANCE UNIT**

Justin P. Wilson  
Comptroller of the Treasury

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October 7, 2013

Honorable Robert Collier, County Mayor  
Bledsoe County  
P. O. Box 149  
Pikeville, TN 37367

Dear Mayor Collier:

On February 21, 2013, our office was informed of excessive amounts of controlled substances purchased by Bledsoe County for use at the Bledsoe County Ambulance Service. We were further advised that the former ambulance service director admitted to county officials that he had used controlled substances purchased by Bledsoe County for the ambulance service, and forged the medical director's signature on required forms to obtain the controlled substances. The former ambulance service director resigned February 19, 2013.

We conducted an investigation of the ambulance service in coordination with the Tennessee Bureau of Investigation (TBI) for the period November 1, 2011, through April 30, 2013. Findings and recommendations, as the result of our investigation, are presented below. These findings and recommendations have been reviewed with management to provide an opportunity for their response. Also, these findings and recommendations have been reviewed with the district attorney general.

**INVESTIGATIVE FINDING**

1. **FINDING: A cash shortage of at least \$2,568.04 existed on April 30, 2013**

A cash shortage of at least \$2,568.04 existed in the Bledsoe County Ambulance Service at April 30, 2013. This cash shortage resulted from the purchase of controlled substances, Morphine and Demerol, by the former ambulance service director for which usage is unaccounted. These controlled substances were requested by the former ambulance service director from various medical suppliers using the required order forms. Bledsoe County received monthly invoices from these medical suppliers which included the purchase of these controlled substances. Through a review of paid invoices for Bledsoe County Ambulance Service, we were able to determine the amount of Morphine and Demerol purchased during the period examined.

The Bledsoe County Ambulance Service utilizes a Controlled Substance Disposition Record form on each ambulance. Each time an ambulance employee uses a controlled substance on a patient, the form documents the controlled substance used, as well as the amount used and excess amount disposed of. Since a beginning-on-hand balance of these controlled substances could not be obtained from each ambulance to establish total usage of the drugs in question, the shortage amount could be greater. Through a review of paid invoices, known ending balances and summaries of controlled substance usage as documented through required forms completed by ambulance employees, we were able to determine an unaccounted for amount of Morphine and Demerol.

During the course of our investigation, we were advised that in at least 17 instances, the former ambulance service director forged the signature of the county's medical director on Drug Enforcement Administration (DEA) required order forms for schedule I & II substances. These forms were presented by the former ambulance service director to various medical suppliers in order for the purchases to be billed to Bledsoe County.

The following table details the cash shortage:

		<b>Demerol (MG)</b>	<b>Morphine (MG)</b>	<b>Totals</b>
Beginning balance not determinable	(1)	-	-	-
Documented MG purchased		44,125	10,170	54,295
Documented MG used		(14,000)	(418)	(14,418)
Amount MG unaccounted for	(2)	(29,075)	(9,692)	(38,767)
Ending on hand		1,050	60	1,110
<b>Cash shortage</b> (Average cost x amount MG unaccounted for)	(3)	<b>\$942.95</b>	<b>\$1,625.09</b>	<b>\$2,568.04</b>
Legend:	(1)	MG=Milligrams		
	(2)	Auditor calculated		
	(3)	Average cost calculated from medical supply invoices		

**MANAGEMENT'S RESPONSE:**

**County Mayor:**

Resignation of the former emergency management services (EMS) director was accepted on February 19, 2013, based on his admission of abuse of controlled substances, purchased by the county, for use by the ambulance service. A report was filed with the State Comptroller's Office as required. An interim director was appointed for a 90-day period. More stringent control measures were put into place with the assistance of the new EMS director and medical examiner. The following policy was developed and implemented:

1. Numbered zip-type box seals are to be used.
2. Drug boxes are “see through” and must be checked off each day documented by the paramedic on shift.
3. Narcotic use is documented by paramedic who used it and three copies made:
  - a. One for run ticket
  - b. One for medical director
  - c. One for EMS director’s office file
4. When ordering narcotics, the narcotic use sheets made for the medical director are turned over to him to verify each use. The medical director then orders and replaces stock which is documented on a Narcotic Log when received and placed in a narcotic lock box.
5. All locks have been changed on ambulance drug doors. Keys are checked out to paramedics who work shifts.
6. Narcotics are in a lock box, in a locked closet of EMS director’s office. Only access is by EMS director and assigned paramedic.
7. All basic non-narcotic drugs are in locked cabinet assessable to paramedics and EMTs, who are full-time employees only.
8. Quality control measures revised.

After a 90-day interim period, the interim EMS director was confirmed by the Bledsoe County Commission as the regular EMS director.

**INTERNAL CONTROL AND COMPLIANCE DEFICIENCY**  
**FINDING AND RECOMMENDATION**

1. **FINDING:** Ambulance service funds were not deposited within three days of collection

We noted 14 checks issued to the Bledsoe County Ambulance Service totaling \$6,013.93 which had not been receipted or deposited. We were advised that these checks were found in various places around the office when the interim director and new bookkeeper took office. These checks were dated from 2008 thru March 2013. Section 5-8-207, *Tennessee Code Annotated*, requires county officials to deposit funds within three days of collection. These checks were not receipted or deposited into the office bank account within three days of collection.

**RECOMMENDATION:**

All funds should be deposited into the office bank account within three days of collection as required by state statute.

**MANAGEMENT'S RESPONSE:**

**County Mayor:**

The following corrective action plan has been implemented in the Bledsoe County EMS billing office:

1. Deposits prepared and deposited within three days of receipt.
2. Office occupied five days a week with patient access for cash/check payment processing.
3. Electronic funds transfers (EFT) have been set up with payers to facilitate immediate deposits into the bank account.
4. Electronic billing has been contracted with Gateway and Ability through EMS consultants.
5. Locked mail box has been installed to receive check payments and remittances.
6. Manually recording all non-transport information from billing system on Excel.
7. Backup log has been implemented and backups are saved every day when work is entered into EMS billing program. Daily backups are on two separate disks; one onsite and one exchanged offsite weekly with the county mayor's office.
8. Online banking established and used to review EFT transfers weekly to reconcile with electronic remittances provided by Gateway and Ability.
9. Contract accounts set up for Bledsoe County Correctional Facilities (BCCX) and Erlanger for monthly services.
10. Authorized Delegate/Entity Info revalidated with Centers for Medicare Services (CMS) for Medicare access.
11. EMS programs are password protected.
12. Removal of all remote access programs in billing and patient records.

13. Monthly close and reports saved to disk and exchanged offsite with county mayor's office.
14. Contracted with Ambulance Medical Billing (AMB) for new electronic patient record and billing software to meet recommendations of Comptroller's Office.
  - a. Financial and service reports are able to be run for specific dates
  - b. Detailed payment posting
  - c. Detailed accounting of write-offs and discounts
  - d. Accounting of non-transport details
  - e. New hardware provided by AMB to access all Electronic Patient Care Report (e-PCR) software.
15. Billing office door is locked and closed when staff is not on the premises (bank, post office, etc.).

If you have any questions concerning the above, please contact me.

Sincerely,



Kevin B. Huffman, CPA, CFE, CGFM  
Investigative Audit Manager  
Division of Investigations  
Financial and Compliance Unit

KBH/RAD