

MS Exhibit 6 Mid-Sussex Rescue Squad's Financial Statements (Modified Cash Basis) June 30, 2016 and 2015.

MS Exhibit 7 Mid-Sussex Rescue Squad's Financial Procedure document prepared by Mr. Burbage.

In addition to the documentary evidence, the Commission considered the sworn testimony of live witnesses called by Mid-Sussex Rescue. Holly Donaway was the first witness called to testify. After being sworn, Ms. Donaway testified that she is the EMS supervisor for Mid-Sussex Rescue. In that capacity, she ensures all employees get reports in a timely manner. She gets a scratch report at the end of every month, and this report also indicates how many dispatches the company had. She has been the EMS supervisor since May of this year. Before that, she was a "career EMT." She has been with Mid-Sussex Rescue in total for ten years. She has never seen a letter indicating what a permissible number of scratches would be. She receives a scratch report from EOC and Ricky Short. Her understanding was that if a call comes in and you don't have any unit available, it's not a scratch.

In preparation for the hearing, Ms. Donaway testified that she prepared a document, summarizing 2017 and 2018 data received from EOC. This document (MS Exhibit 4) indicates the number of dispatches and scratches attributed to Mid-Sussex Rescue for every month of 2017. Ms. Donaway has no idea where the number 321, the number of times the Commission cited that Mid-Sussex Rescue required coverage from neighboring districts in its notice letter, came from. Ms. Donaway testified that Mid-Sussex Rescue never received a complaint or notice from the Commission that there was a problem with their scratch rate. They have pulled units out of service in the past, when they had mechanical issues, but since May 11, 2018, they have two crews available for all runs 24/7. When Indian

River had an ambulance in service, from May 18 to June 12, 2018, Ms. Donaway kept track of how many times Indian River had to provide service in Mid-Sussex Rescue's service area. It was seven times.

The Commission had no questions for Ms. Donaway.

Gerald Burbage was the next witness to testify. After being sworn, Mr. Burbage testified that he is a financial advisor for Mid-Sussex Rescue. He reviews payments, invoices and disburses money. He has held this position since January 2017. Before that, he held the same position from 2004 to 2014. Before becoming the financial advisor for Mid-Sussex Rescue, he was a state auditor for 25 years and he was previously an accountant. Prior to his retirement from the state Auditor's Office, Mr. Burbage performed an audit of Mid-Sussex Rescue and found a lot of discrepancies. There were funds disbursed that could not be identified. Upon his retirement from the state, Mr. Burbidge was asked to come onboard at Mid-Sussex Rescue to help get the finances into shape. The Auditor's Office had recommended that Mid-Sussex Rescue put in internal controls, but it did not officially find that there were any "money issues" because none could be proven definitively. Mr. Burbage testified that he assisted Mid-Sussex Rescue with putting into place internal controls. He instituted the use of Quickbooks and had the Mid-Sussex Rescue Board approve payments of invoices and had an outside CPA firm come in and do an independent review. This was all in 2004 and forward. There has not been an audit since then, but there has been an internal review.

In January of 2017, Mr. Burbage was contacted by the management of Mid-Sussex Rescue and asked to come in and help with the finances again. Mr. Burbage went in and reconstructed the past nine months of finances. In so doing, he determined that money had

been misappropriated. In March of 2017, he determined there was 110,000 dollars that was misappropriated, of which 37,000 had been repaid. The numbers that the Auditor's Office came up with didn't correspond with the numbers that Mr. Burbage came up with. The annual review for 2016 was due in the Summer of 2016, however because the records had not been maintained, the review was not submitted to the Commission until the Spring of 2017. The financial review from Lank, Johnson and Tull for 2015 and 2016 (MS Exhibit 7) indicates that "[i]n March 2017, it was discovered that cash had been misappropriated by a former member." This was filed with the Commission as part of the financial review. The second part of the review is an explanation of the finances of the Company. Mid-Sussex Rescue self-reported this problem. Shortly after this submission, Mr. Burbage started to work with the Auditor's Office about the problem. Mr. Burbage provided all of the documents that he was able to construct and obtain. He determined that a former member was able to walk out with so much money because he had previously set up a Money Market account for Mid-Sussex Rescue to earn a bit on some of their cash. This money could be withdrawn without the requisite two signatures because it was considered a savings account and not a checking account. Records in the fire house had reduced the revenue of the company by the same amount that was taken from the Money Market account. Therefore, the accounts reconciled and the accountant didn't "catch" the missing money. Based upon his review, he was able to recoup every penny that was identified by him as misappropriated has been repaid in full. Since this incident, Mr. Burbage has generated a new set of procedures that govern the handling of finances. Now, the Company prepares an annual budget. Previously, there was a synopsis of a budget but not formal budget. Now the President is authorized to allow staff to purchase operational supplies but

all other repairs and supplies need to be approved by the supervisor of the area. Payroll is prepared by the supervisor and proceeds through accounting. These procedures ensure that no one person has the ability to make any financial moves. Also, all accounts now clearly require two signatures for withdraw. Mr. Burbage is still serving as a financial advisor, and Mid-Sussex Rescue has hired a second person to come in and do the day to day work. The second person is not a member of the Mid-Sussex Rescue. Mr. Burbage is not a member of the Mid-Sussex Rescue, just honorary. Mr. Burbage believes that the Mid-Sussex Rescue has taken his advice and his recommendations and is taking this matter seriously.

Upon questioning from the Commission, Mr. Burbage indicated that his number did not match the number the Auditor's Office came up with. The Auditor's Office came up with a couple of checks that were written to cash and individuals in the Company, the Auditor felt this was misappropriated money, but Mr. Burbage had not reviewed that, so he could not say these were misappropriated. At the time, Mid-Sussex Rescue was holding a number of fund raisers and Mr. Burbage believed these checks may have been because of that, as opposed to something nefarious. From 2004-2010 and currently, Mr. Burbage informed the Commission that he is compensated for his services at Mid-Sussex Rescue.

Findings of Fact and Conclusions of Law

Pursuant to 16 *Del. C.* § 6717(a) and State Fire Prevention Commission Regulation 710, Section 8.3.3, the Commission may suspend or revoke a Primary BLS Ambulance Service Provider's license or permit if it finds that the provider has demonstrated gross negligence, incompetence, or misconduct in providing BLS Ambulance services. By letter dated May 15, 2018, the Commission spelled out the gross negligence, incompetence, or

misconduct that it believed may form the basis of a suspension or revocation of Mid-Sussex Rescue's license. The first basis was Mid-Sussex Rescue's excessively taking units out of service, requiring neighboring companies to provide coverage in Mid-Sussex Rescue's service area. Mid-Sussex Rescue's witness, Ms. Donaway, provided a lot of testimony about the company's "scratch rate," but she only briefly mentioned taking units out of service. Mid-Sussex Rescue's scratch rate was never an issue for this hearing. Rather, the issue explained to Mid-Sussex in the May 15, 2018 letter was that by taking units out of service, Mid-Sussex Rescue was not incurring "scratches," but it was failing to serve its district. Ms. Donaway briefly mentioned that Mid-Sussex Rescue now has two crews and two units available 24/7.

The second basis for a finding of gross negligence, incompetence, or misconduct in providing BLS Ambulance services was the financial impropriety that was discovered by the State Auditor in March of 2018. Mr. Burbage testified as to this concern. Mr. Burbage made clear that Mid-Sussex Rescue has had financial "issues" for years. Although he testified that there is no longer a financial problem at Mid-Sussex Rescue as they have cleaned up their act and put new procedures in place, Mid-Sussex Rescue has said this to the Commission in the past, and here we all are again.

The Commission is nonetheless cognizant of the fact that there is a real logistical problem if Mid-Sussex Rescue's license is revoked. Neighboring companies are already strained with covering in Mid-Sussex Rescue's district with all of the out of service calls. The Commission finds that service issues outlined in the May 15, 2018 letter to Mid-Sussex Rescue are evidence of negligent practice on the part of Mid-Sussex Rescue. Moreover, allowing over \$100,000 to be misappropriated is the negligent operation of an ambulance

service. However, in light of the testimony that Mid-Sussex Rescue is now operating two units and two crews on a 24 hour basis, 7 days per week, and in light of the testimony that new financial controls have been put into the place, the Commission does not find that Mid-Sussex Rescue has engaged in *gross* negligence and thus, no discipline will be imposed at this time.

IT IS SO ORDERED THIS 21st day of August, 2018 by:



Alan Robinson, Chairman



Ron Marvel, Vice Chairman (voting no)



Lynn Truitt



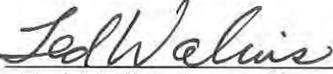
Marvin Sharp (voting no)



Tom DiCristofaro



David J. Roberts



Ted Walius (recused)