



BRYAN COUNTY EMERGENCY MEDICAL SERVICE DISTRICT

Statutory Report

For the fiscal year ended June 30, 2020

Cindy Byrd, CPA
State Auditor & Inspector

**BRYAN COUNTY AMBULANCE AUTHORITY
STATUTORY REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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Cindy Byrd, CPA | State Auditor & Inspector

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June 7, 2021

**TO THE BOARD OF DIRECTORS OF THE
BRYAN COUNTY AMBULANCE AUTHORITY**

Transmitted herewith is the audit report of Bryan County Ambulance Authority for the fiscal year ended June 30, 2020.

The goal of the State Auditor and Inspector is to promote accountability and fiscal integrity in state and local government. Maintaining our independence as we provide this service to the taxpayers of Oklahoma is of utmost importance.

We wish to take this opportunity to express our appreciation for the assistance and cooperation extended to our office during our engagement.

Sincerely,

A handwritten signature in blue ink that reads "Cindy Byrd".

CINDY BYRD, CPA
OKLAHOMA STATE AUDITOR & INSPECTOR



**BRYAN COUNTY AMBULANCE AUTHORITY
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FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

Presentation of Collections, Disbursements, and Cash Balances of Authority Funds for FY 2020

	General Fund
Beginning Cash Balance, July 1	\$ 1,066,700
Collections	
Ad Valorem Tax	1,181,413
Charges for Services	1,288,023
Subscriptions	13,658
Provider Relief Funds Phase 1	58,855
Payroll Protection Plan (PPP Loan)	321,200
Miscellaneous	169,431
Total Collections	3,032,580
Disbursements	
Personal Services	2,123,470
Maintenance and Operations	680,751
Capital Outlay	102,906
Total Disbursements	2,907,127
Ending Cash Balance, June 30	\$ 1,192,153

Source: Authority Estimate of Needs (presented for informational purposes)

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The accounting records, Estimate of Needs and the financial statement for fiscal year 2020 for Bryan County Ambulance Authority did not present the Authority funds in the prescribed format and the amount accounted for as audit expense included the amount reserved for the next fiscal year of \$93,553, which was not expended for audit expense. This expense was reclassified as part of maintenance and operations in the total disbursements of \$680,751 for the Authority.

Coronavirus Aid, Relief, and Economic Security (CARES) Act

Provider Relief Funds Phase 1 – CARES Act money distributed to healthcare providers who bill Medicare fee-for-service to provide financial relief during the coronavirus (COVID-19) pandemic. Funds were distributed by the Department of Health and Human Services (HHS) through the Health Resources and Service Administration in the amount of \$58,855.

Paycheck Protection Program (PPP Loan) – CARES Act money distributed to provide up to 8 weeks of payroll costs including benefits. Funds can also be used to pay interest on mortgages, rent, and utilities. The loan will be fully forgiven if at least 60% of the funds are used for payroll costs and the remaining funds, up to 40%, are used for interest on mortgages, rent, and utilities incurred during the 24-week period after receiving the PPP Loan. Funds were distributed by the Small Business Administration through any federally insured depository institution. The Bryan County Ambulance Authority received \$321,200 for the PPP Loan.

Bryan County Ambulance Authority
306 South 22nd Ave
Durant, Oklahoma 74071

**TO THE BOARD OF DIRECTORS OF THE
BRYAN COUNTY AMBULANCE AUTHORITY**

For the purpose of complying with 19 O.S. § 1706.1, we have performed the following procedures:

- Determined charges for services were billed and collected in accordance with Authority's Policies.
- Determined that receipts were properly deposited and accurately reported in the accounting records.
- Determined cash balances were accurately reported in the accounting records.
- Determined whether deposits and invested funds for the fiscal year ended June 30, 2020 were secured by pledged collateral.
- Determined that disbursements were properly supported, were made for purposes outlined in 19 O.S. § 1710.1 and were accurately reported in the accounting records.
- Determined that all purchases requiring bids complied with 19 O.S. § 1723 and 61 O.S. §101-139.
- Determined that payroll expenditures were accurately reported in the accounting records and supporting documentation of leave records was maintained.
- Determined that fixed assets records were properly maintained.
- Determined compliance with contract service providers.
- Determined whether the Authority's collections, disbursements, and cash balances for the fiscal year ended June 30, 2020 were accurately presented on the estimate of needs.

All information included in the records of the Authority's is the representation of the Bryan County Ambulance Authority.

Our emergency medical service authority statutory engagement was limited to the procedures performed above and was less in scope than an audit performed in accordance with generally accepted auditing standards. Accordingly, we do not express an opinion on any basic financial statement of the Bryan County Ambulance Authority.

Based on our procedures performed, we have presented our findings in the accompanying schedule.



This report is intended for the information and use of the management of the Bryan County Ambulance Authority. This restriction is not intended to limit the distribution of this report, which is a matter of public record.



CINDY BYRD, CPA
OKLAHOMA STATE AUDITOR & INSPECTOR

May 25, 2021

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SCHEDULE OF FINDINGS AND RESPONSES

Finding 2020-003 – Lack of Internal Controls Over the Payroll Process (Including Timesheets and Leave Reports) (Repeat Finding)

Condition: Upon inquiry of Authority staff and observation of the payroll process, a lack of segregation of duties of the payroll clerk exists as follows:

- Verifies timesheets.
- Inputs payroll information into the accounting system.
- Processes payroll claims.
- Prepares and initiates the direct deposit of payroll.
- Prints the payroll warrants.
- Makes payroll changes.

Based on inquiry, observation, and a review of thirty-two (32) employees' payroll documents, the following weaknesses were noted:

- Three (3) timesheets were not signed by the employee.

Additionally, upon inquiry, observation and review of employee leave balances, the following exceptions were noted:

- Paid time off (PTO) used by the Director, Assistant Director and Office Manager could not be verified due to leave taken not being reported on timesheets.
- Two (2) employees used leave balances for more than the amount accrued and available for use.

Cause of Condition: Policies and procedures have not been designed and implemented to ensure adequate segregation of duties regarding the payroll process. Policies and procedures have not been designed and implemented to ensure all employees complete a timesheet, and evidence that employees verify the accuracy of their timesheets. Additionally, policies and procedures have not been completely designed and implemented to ensure the paid time off (PTO) are entered on timesheets and are accurate in the payroll system.

Effect of Condition: These conditions could result in unrecorded transactions, misstated financial reports, undetected errors, misappropriation of funds, and incorrect payment of wage and leave benefits.

Recommendation: OSAI recommends the Board be aware of these conditions and determine if duties can be properly segregated. If segregation of duties is not possible due to limited personnel, OSAI recommends implementing compensating controls to mitigate the risks involved with a concentration of duties. Compensating controls would include separating key processes and/or critical functions of the office and having management review and document the review and approval of accounting functions. Additionally,

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OSAI recommends the Board ensure that the PTO leave is monitored and reviewed periodically to ensure accuracy and avoid negative leave balances.

OSAI recommends management take steps to adequately segregate the following key accounting functions:

- Reviewing time records and preparing payroll.
- Preparing and initiating the direct deposit.
- Make any payroll changes.

Management Response:

Chairman: The following policies and procedures have been designed and implemented:

- Two office staff personnel double check timecards for accuracy and to ensure the paid time off (PTO) is figured correctly. A report is given to each employee showing their PTO.
- A policy has been created defining the employee's rights to appeal their PTO if an error is suspected or found.
- We have created a PTO worksheet on our payroll software so that each employee also has real time PTO information
- Each supervisor must sign the employee's timesheet for each pay period. Each medic is required to sign their own time sheet for each payroll.
- All payroll is performed through two software vendors. Two office personnel verify, the payroll and the Director signs the document for the direct deposit. Each medic verifies their timecard is correct and signs it to verify it for accuracy.

Criteria: The GAO Standards – Principle 10 – Design Control Activities – 10.03 states in part:

Segregation of duties

Management divides or segregates key duties and responsibilities among different people to reduce the risk of error, misuse, or fraud. This includes separating the responsibilities for authorizing transactions, processing and recording them, reviewing the transactions, and handling any related assets so that no one individual controls all key aspects of a transaction or event.

Appropriate documentation of transactions and internal control

Management clearly documents internal control and all transactions and other significant events in a manner that allows the documentation to be readily available for examination. The documentation may appear in management directives, administrative policies, or operating manuals, in either paper or electronic form. Documentation and records are properly managed and maintained.

Finding 2020-004 – Lack of Internal Controls Over Fixed Assets Inventory Records (Repeat Finding)

Condition: Upon inquiry of Authority staff, observation, and review of the of the Authority's fixed assets inventory records, the following weaknesses were noted:

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- The Authority has not established a dollar threshold for the inventory of fixed assets.
- The fixed assets inventory list did not reflect the cost of items.
- A periodic physical inspection of fixed assets inventory was not performed or documented.

Upon the physical verification of fifteen (15) fixed asset items, the following exceptions were noted:

- One item that had been deemed surplus and disposed of remained on fixed assets inventory. (Eagle Ventilator)
- Two (2) items were physically verified; however, were not listed on fixed assets inventory. (Doppler Ventilators)

Cause of Condition: Policies and procedures have not been designed and implemented to ensure fixed assets inventory is properly accounted for, maintained, and updated regularly by the Authority.

Effect of Condition: These conditions could result in errors and improprieties, unrecorded transactions, misappropriation of assets, or loss of Authority equipment.

Recommendation: OSAI recommends the Authority implement policies and procedures to establish a dollar threshold and ensure the cost of the item is reflected when reporting fixed assets, to accurately maintain fixed assets inventory records. Additionally, an annual physical verification of assets should be performed and documented by the reviewer and approved by the Board.

Management Response:

Chairman:

- Per the email of February 18, 2021 from the Director, “The cost of the fixed assets will be added to the inventory records and the Board will approve a policy limit of \$500.”

The response dated May 24, 2021 states as follows:

- Our Captains will compile and maintain the fixed assets inventory list bi-annually. The Captains will turn in the inventory to the Deputy Director. The Deputy Director will review the inventory to ensure its accuracy and sign off as complete.
- The ventilator was part of the National Stockpile and does not belong to the Authority. The Doppler ventilators included a new purchase that had not made inventory yet and was not on the auditor’s list but was mixed into the Authority inventory.

Criteria: The GAO Standards – Principle 10 – Design Control Activities 10.03 states:

Segregation of Duties

Management establishes physical control to secure and safeguard vulnerable assets. Examples include security for and limited access to assets such as cash, securities, inventories, and equipment that might be vulnerable to risk of loss or unauthorized use. Management periodically counts and compares such assets to control records.

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Additionally, The GAO Standards Section 2 – Establishing an Effective Internal Control System - OV2.24 states:

Safeguarding of Assets

Management designs an internal control system to provide reasonable assurance regarding prevention or prompt detection and correction of unauthorized acquisition, use, or disposition of an entity's assets.

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