



BRYAN COUNTY AMBULANCE AUTHORITY

Statutory Report

For the fiscal year ended June 30, 2018

Cindy Byrd, CPA
State Auditor & Inspector

**BRYAN COUNTY AMBULANCE AUTHORITY
STATUTORY REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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Cindy Byrd, CPA | State Auditor & Inspector

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June 9, 2020

**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, 2018.

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
STATUTORY REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Presentation of Collections, Disbursements, and Cash Balances of District Funds for FY 2018

The accounting records, Estimate of Needs and the Financial Statement for fiscal year 2017-2018 for the Bryan County Ambulance Authority did not present the District funds accurately nor in the prescribed format; therefore, financial statements were not presented for this report.

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

Bryan County Ambulance Authority
306 South 22nd Ave.
Durant, Oklahoma 74701

**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 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, 2018 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 District's collections, disbursements, and cash balances for the fiscal year ended June 30, 2018 was accurately presented on the estimate of needs.

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

Our emergency medical service district 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

December 19, 2019

**BRYAN COUNTY AMBULANCE AUTHORITY
STATUTORY REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

SCHEDULE OF FINDINGS AND RESPONSES

Finding 2018-001 – Internal Controls and Noncompliance Over the Estimate of Needs and Financial Statement (Repeat Finding)

Condition: Upon inquiry of the Bryan County Ambulance Authority (the Authority) staff and observation of the 2018-2019 Estimate of Needs and Financial Statement for the fiscal year 2017-2018, we noted the following:

- The information related to the Authority’s cash receipts and disbursements was not presented in conformity with the approved format for Emergency Medical Service Districts.
- The complete financial statement was not prepared correctly by management and reviewed by Board members, due to management and Board member changes during the fiscal year.
- The Authority’s collections, disbursements, and cash balances per the Authority’s financial statement, could not be verified to bank statement balances and were not accurately presented on the Estimate of Needs due to an incomplete Financial Statement.
- The Authority did not accurately budget 1/10th of one mill for audit purposes for the next fiscal year.
- Ad valorem taxes collected could not be verified to the amount reported on the Estimate of Needs. Ad valorem taxes were reported as “county taxes” of \$1,017,163.00 and \$1,070,351.00. Actual ad valorem taxes collected by the Bryan County Treasurer were \$1,068,351.70.

Therefore, the accounting records, Estimate of Needs and the Financial Statements for fiscal year 2017-2018 for the Authority did not present the cash receipts and disbursements and cash balances in conformity with the approved format for Emergency Medical Service Districts resulting in financial statements not being presented for this report.

Cause of Condition: Policies and procedures have not been designed and implemented regarding the preparation and approval of complete and accurate financial information as reported on the Estimate of Needs and Financial Statement.

Effect of Condition: These conditions resulted in noncompliance with state statutes and an incomplete and incorrect Estimate of Needs and Financial Statement being approved by the Authority Board.

Recommendation: The Oklahoma State Auditor and Inspector’s Office (OSAI) recommends management review the Estimate of Needs and Financial Statement prior to submitting it to the Authority Board for approval to ensure that financial information is complete and accurately presented in the format described by Title 19 O.S. § 1702 and 1709 as prescribed by the State Auditor in Title 19 O.S. § 1722.

Management Response:

Chairman of the Board: Bryan County Ambulance Authority prepared the EON in-house for FY 2017-2018 and FY 2018-2019. For FY 2019-2020 the Authority has hired an external CPA to assist with the EON.

**BRYAN COUNTY AMBULANCE AUTHORITY
STATUTORY REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Criteria: The United States Government Accountability Office’s *Standards for Internal Control in the Federal Government* (2014 version) aided in guiding our assessments and conclusion. Although this publication (GAO Standards) addresses controls in the federal government, this criterion can be treated as best practices and may be applied as a framework for an internal control system for state, local, and quasi-governmental entities.

The GAO Standards – Section 2 – Objectives of an Entity - OV2.23 states in part:

Compliance Objectives

Management conducts activities in accordance with applicable laws and regulations. As part of specifying compliance objectives, the entity determines which laws and regulations apply to the entity. Management is expected to set objectives that incorporate these requirements.

The GAO Standards – Principle 13 – Use Quality Information – 13.04 states the following:

Relevant Data from Reliable Sources

Management obtains relevant data from reliable internal and external sources in a timely manner based on the identified information requirements. Relevant data have a logical connection with, or bearing upon, the identified information requirements. Reliable internal and external sources provide data that are reasonably free from error and bias and faithfully represent what they purport to represent. Management evaluates both internal and external sources of data for reliability.

Title 19 O.S. § 1702 states “The purpose of this act is to provide a budget procedure for emergency medical service districts which shall:

1. Establish uniform and sound fiscal procedures for the preparation, adoption, execution and control of budgets;
2. Enable districts to make financial plans for both current and capital expenditures and to ensure that their directors administer their respective functions in accordance with adopted budgets;
3. Make available to the public and investors sufficient information as to the financial conditions, requirements and expectations of the district; and
4. Assist districts to improve and implement generally accepted accounting principles as applied to governmental accounting, auditing and financial reporting and standards of governmental finance management.”

Additionally, 19 O.S. § 1709 states in part, “A. ...The budget format shall be as prescribed by the State Auditor and Inspector. The format shall contain at least the following in tabular form for each fund, itemized by department and account within each fund:

1. Actual revenues and expenditures for the immediate prior fiscal year;
2. Estimated actual revenues and expenditures for the current fiscal year; and
3. Estimated revenues and expenditures for the budget year.

**BRYAN COUNTY AMBULANCE AUTHORITY
STATUTORY REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

B. The budget for each fund shall contain a budget summary. It shall also be accompanied by a budget message from the board which shall explain the budget and describe its important features.

C. The estimate of revenues in each fund for any budget year shall include probable income by source which the district is legally empowered to collect or receive at the time the budgets are adopted. The estimate shall be based upon a review and analysis of past and anticipated revenues of the district. Any portion of the budget of revenues to be derived from ad valorem property taxation shall not exceed the estimated amount of tax which is available for appropriation or which can or must be raised as required by law. The budget of expenditures for each fund shall not exceed the estimated revenues for each fund. No more than ten percent (10%) of the total budget for any fund may be budgeted for miscellaneous purposes.

D. The board shall determine the needs of the district for sinking fund purposes, pursuant to Section 9C of Article X of the Constitution of the State of Oklahoma and include these requirements in the debt service fund budget for the budget year.”

Further, 19 O.S. § 1722 states “For the purpose of carrying into effect the provisions of this act, and for its proper administration, the State Auditor and Inspector is hereby empowered to promulgate and enforce such rules and regulations as may be necessary but not inconsistent herewith, and he shall prescribe all the forms of whatsoever nature referred to in this act including but not necessarily limited to budget forms, supporting schedule forms and all other accounting stationery required, desired or needed under the provisions of this act.”

Finding 2018-002 – Internal Controls and Noncompliance Over Board Meeting and Minutes

Condition: Upon review of the Authority’s Board meeting agendas and minutes, the following weakness was noted:

- While minutes of the executive session are not public, the Board is required to record the proceedings of these executive sessions and to keep them sealed and secure; however, upon discussion with the Authority staff, documentation of August 23, 2017 executive session as noted in the regular meeting minutes, could not be located.

Cause of Condition: Policies and procedures have not been designed and implemented to ensure that all relevant discussions in the Authority Board minutes are properly documented in accordance with state statutes pertaining to the Open Meeting Act and Open Records Act.

Effect of Condition: This condition resulted in noncompliance with state statutes and could result in unrecorded transactions, undetected errors, or misappropriation of funds.

Recommendation: OSAI recommends the Authority maintain minutes for all Board meetings to ensure

**BRYAN COUNTY AMBULANCE AUTHORITY
STATUTORY REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

compliance with the Open Meetings Act as it applies to executive sessions and Open Records Act.

Management Response:

Chairman of the Board: Minutes were not taken during the August 23, 2017 executive session of the Authority. The Chairman gave a statement after the executive session and open discussion and the vote was taken when the meeting was returned to the regular meeting. Since this executive session meeting, minutes have been kept by the Authority's attorney.

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

Design of Appropriate Types of Control Activities

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.

The GAO Standards – Section 2 – Objectives of an Entity - OV2.23 states in part:

Compliance Objectives

Management conducts activities in accordance with applicable laws and regulations. As part of specifying compliance objectives, the entity determines which laws and regulations apply to the entity. Management is expected to set objectives that incorporate these requirements.

According to the Open Meeting Act, Title 25 O.S. § 312A,

“The proceedings of a public body shall be kept by a person so designated by such public body in the form of written minutes which shall be an official summary of the proceedings showing clearly those members present and absent, all matters considered by the public body, and all actions taken by such public body. The minutes of each meeting shall be open to public inspection and shall reflect the manner and time of notice required by this act.”

Further, Title 51 O.S. § 24A.5 states in part, “All records of public bodies and public officials shall be open to any person for inspection, copying, or mechanical reproduction during regular business hours; provided:

1. The Oklahoma Open Records Act, Sections 24A.1 through 24A.30 of this title, does not apply to records specifically required by law to be kept confidential including:
 - a. records protected by a state evidentiary privilege such as the attorney-client privilege, the work product immunity from discovery and the identity of informer privileges,
 - b. records of what transpired during meetings of a public body lawfully closed to the public such as executive sessions authorized under the Oklahoma Open Meeting Act.”

**BRYAN COUNTY AMBULANCE AUTHORITY
STATUTORY REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Finding 2018-003 – Internal Controls Over the Billing Process

Condition: Upon inquiry of Authority staff, observation of records, and the test of forty-one (41) ambulance service runs, the following weaknesses were noted:

- In three (3) instances the total miles charged did not agree to the loaded miles in the ambulance service run reports.
- In one (1) instance an ambulance service run did not have evidence of secondary billing.

Cause of Condition: Policies and procedures have not been designed and implemented to ensure that all ambulance service runs provided are billed accurately in accordance with Authority policies.

Effect of Condition: These conditions resulted in inaccurate billing and could result in misappropriation of funds not being detected in a timely manner and the Authority missing the opportunity to receive additional billing revenue.

Recommendation: OSAI recommends the Authority implement billing policies and procedures to ensure all ambulance service runs provided are billed accurately. In addition, OSAI recommends patient accounts be reviewed to ensure delinquent accounts are either sent for secondary billing or written off as uncollectable by the Board's approval.

Management Response:

Chairman of the Board: The Authority has hired a third-party billing company. This company has internal compliance staff that are trained as Certified Ambulance Coders with the National Academy of Ambulance Compliance to stay compliant with current rules and regulations in order to prevent any oversites or noncompliance issues with the billing process.

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

Controls Over Information Processing

Management establishes activities to monitor performance measures and indicators. These may include comparisons and assessments relating different sets of data to one another so that analyses of the relationships can be made, and appropriate actions taken. Management designs controls aimed at validating the propriety and integrity of both entity and individual performance measures and indicators.

Finding 2018-004 – Internal Controls and Noncompliance Over the Competitive Bidding Process (Repeat Finding)

Condition: Upon inquiry of Authority staff and observation of the competitive bidding process for the Authority, the following weaknesses were noted.

**BRYAN COUNTY AMBULANCE AUTHORITY
STATUTORY REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

- On July 13, 2016, the Authority Board minutes reflected the Board awarded a bid for a Ford F-450 (Type 1) remount ambulance totaling \$116,621.00 with a chassis trade-in value of \$400.00.
- The Authority paid for additional items that were not included in the original bid specifications in the amount of \$13,499.00.
- Those additional items included a new Zico step and 110- volt plug for \$2,700.00, lighting for \$7,546.00, and additional graphics for \$3,253.00.

Cause of Condition: The Authority did not follow the policies and procedures designed by state statute that requires purchases of equipment of \$15,000.00 or more be competitively bid.

Effect of Condition: This condition resulted in noncompliance with the state statute and could result in inaccurate records, incomplete information, or misappropriation of assets.

Recommendation: OSAI recommends the Authority implement policies and procedures to ensure the competitive bidding process is adhered to ensure compliance with Title 19 O.S. § 1723.

Management Response:

Chairman of the Board: The company that was awarded the bid for the Ford F-450 remount had a several month delay in completing the chassis for deliver. Several issues were noted in the height of the vehicle, the addition of the 110-volt battery outlet and the emergency lighting Those areas of concern were corrected and/or added to the chassis. Further, due to the delay in delivery, the Authority opted to have the graphics added while waiting on the delivery of the chassis.

Auditor Response: We recommend the Authority comply with Title 19 O.S. § 1723 and adhere to the specifications of the bid as it was awarded to the vendor.

Criteria: The GAO Standards – Section 2 – Objectives of an Entity - OV2.23 states in part:

Compliance Objectives

Management conducts activities in accordance with applicable laws and regulations. As part of specifying compliance objectives, the entity determines which laws and regulations apply to the entity. Management is expected to set objectives that incorporate these requirements.

Title 19 O.S. § 1723 requires EMS Districts to make equipment purchases in accordance with the county purchase procedures as outlined in 19 O.S. § 1505, which requires all purchases in excess of \$15,000.00 be competitively bid, including adding items to the awarded bid priced that were not included in the original bid award.

Finding 2018-005 – Internal Controls Over the Payroll Process (Including Timesheets and Leave Reports) (Repeat Finding)

**BRYAN COUNTY AMBULANCE AUTHORITY
STATUTORY REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Condition: Upon inquiry of Authority staff and observation of the payroll process, weaknesses were noted in the lack of segregation of duties of the payroll clerk including the following:

- Verifies timesheets.
- Inputs payroll information into the accounting system.
- Processes payroll claims.
- Reviews payroll verification reports.
- Prepares and initiates the Direct Deposit of payroll.
- Prints the payroll warrants.
- Makes payroll changes.

Based on inquiry, observation, and a review of thirty-seven (37) employee payroll documents, the following exceptions were noted:

- Seven (7) timesheets were not signed by the employee.
- Thirty-four (34) timesheets were not signed by the supervisor/director.
- One (1) employee's payroll/personnel file did not have evidence of withholding documentation.
- Three (3) employees (Director, Assistant Director, and Office Manager) did not prepare timecards documenting daily hours worked.

Additionally, upon inquiry, observation and review of employee leave reports, we noted the following exception:

- Annual or sick leave used by the Director, Assistant Director, and Office Manager could not be verified due to those employees not preparing timesheets.

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, evidence that employees and supervisors verify the accuracy of timesheets, and leave balances are accurately maintained.

Additionally, policies and procedures have not been designed and implemented to ensure that payroll deductions have supporting documentation.

Effect of Condition: These conditions resulted in incomplete documentation of the review and approval of timesheets including recordkeeping of leave balances. Additionally, 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. In the event that 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 approval of accounting functions.

**BRYAN COUNTY AMBULANCE AUTHORITY
STATUTORY REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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 of the Board: The old system of paper timecards has been discontinued. A new timeclock system is in place. The new timeclock recognizes individual employees when they scan their badge. At the end of the pay period each time sheet is printed and signed by the employee when they confirm their time worked. All salaried employees use the timeclock system. Two office employees now input and process payroll so there is dual control over verification of time and pay.

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.” “A variety of control activities are used in information processing. Examples include edit checks of data entered; accounting for transactions in numerical sequences; comparing file totals with control accounts; and controlling access to data, files, and programs.

Finding 2018-006 – Internal Controls and Noncompliance Over Fixed Assets Inventory Records (Repeat Finding)

Condition: Based on inquiry, observation, and review of the Authority’s fixed assets inventory records, the Authority is maintaining an inventory list for fixed assets items; however, the following weaknesses were noted:

- The Authority did not perform an annual fixed assets inventory verification.
- The Authority has not developed a policy and procedure to address the dollar threshold for including fixed assets and maintaining an inventory of fixed assets.

Cause of Condition: Policies and procedures have not been designed and implemented to establish a dollar threshold for fixed assets for inclusion and to ensure fixed assets inventory is properly maintained through a periodic documented review by the Authority.

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

**BRYAN COUNTY AMBULANCE AUTHORITY
STATUTORY REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Recommendation: OSAI recommends the Authority design and implement policies and procedures to ensure an annual physical fixed assets inventory verification is performed and maintained. Furthermore, OSAI recommends the Board design and implement a policy and procedure establishing a dollar threshold for inclusion of fixed assets on inventory records.

Management Response:

Chairman of the Board: In June 2017 a revision of the fixed assets inventory was made. This list was updated annually. Part of the revision failed to add a signature and date on the form. We have added this to the inventory sheet and added notification to the Authority calendar to remind us to update the inventory in January and July of each year. This inventory record is now stored on the Authority server.

Criteria: The GAO Standards – Section 1 – Fundamental Concepts of Internal Control – OV2.24 states in part:

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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