



# BRYAN COUNTY AMBULANCE AUTHORITY

## Statutory Report

For the fiscal year ended June 30, 2019

**Cindy Byrd, CPA**  
State Auditor & Inspector

**BRYAN COUNTY AMBULANCE AUTHORITY  
STATUTORY REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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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, 2019.

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



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**Presentation of Collections, Disbursements, and Cash Balances of District Funds for FY 2019**

The accounting records, Estimate of Needs and the Financial Statement for fiscal year 2018-2019 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 22<sup>nd</sup> 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, 2019 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, 2019 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

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**SCHEDULE OF FINDINGS AND RESPONSES**

**Finding 2019-001 – 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 2019-2020 Estimate of Needs and Financial Statement for the fiscal year 2018-2019, 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.

Therefore, the accounting records, Estimate of Needs and the Financial Statements for fiscal year 2018-2019 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 inhouse for FY 2017-2018 and FY 2018-2019. For FY 2019-2020 the Authority has hired an external CPA to assist with the EON.

**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

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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 – Principal 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.”

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

5. Establish uniform and sound fiscal procedures for the preparation, adoption, execution and control of budgets;
6. 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;
7. Make available to the public and investors sufficient information as to the financial conditions, requirements and expectations of the district; and



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8. 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.

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 2019-003 – Internal Controls Over the Billing Process (Repeat Finding)**

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

- In three (3) instances the total miles charges did not agree to the loaded miles in the ambulance service run service reports.

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- In one (1) instance the fee charged did not agree to the ambulance service run type of service reported.
- In five (5) instances ambulance service runs did not have any evidence of secondary billing.

**Cause of Condition:** Policies and procedures have not been designed and implemented to ensure that all ambulance run services 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 – Principal 10 – Design and 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 2019-005 – Internal Controls Over the Payroll Process (Including Timesheets) (Repeat Finding)**

**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.

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Based on inquiry, observation, and a review of thirty-two (32) employee payroll documents, the following was noted:

- Eleven (11) timesheets were not signed by the employee.
- Thirty-two (32) timesheets were not signed by the supervisor/director.

**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 and supervisors verify the accuracy of timesheets.

**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. 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.

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 – Principal 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.

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**Finding 2019-006 – 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 following weakness was noted:

- An annual physical verification of fixed assets inventory was not performed.

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

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

**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 an annual physical inventory verification is documented as approved by the Board.

**Management Response:**

**Chairman of the Board:** In June 2017 a revision of the fixed assets inventory listing 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.

O·K·L·A·H·O·M·A  
S·A·I  
STATE AUDITOR & INSPECTOR



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