



BUTLER EMERGENCY MEDICAL SERVICE DISTRICT

Statutory Report

For the fiscal year ended June 30, 2019

Cindy Byrd, CPA
State Auditor & Inspector

**BUTLER EMERGENCY MEDICAL SERVICE DISTRICT
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 7, 2021

**TO THE BOARD OF DIRECTORS OF THE
BUTLER EMERGENCY MEDICAL SERVICE DISTRICT**

Transmitted herewith is the audit report of Butler Emergency Medical Service District 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



**BUTLER EMERGENCY MEDICAL SERVICE DISTRICT
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Presentation of Collections, Disbursements, and Cash Balances of District Funds for FY 2019

	<u>FY 2019</u>
Beginning Cash Balance, July 1	\$ 102,271
Collections	
Ad Valorem Tax	46,549
Charges for Services	4,014
Miscellaneous	728
Total Collections	<u>51,291</u>
Disbursements	
Personal Services	35,543
Maintenance and Operations	22,718
Capital Outlay	10,731
Total Disbursements	<u>68,992</u>
Ending Cash Balance, June 30	<u>\$ 84,570</u>

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

Butler Emergency Medical Service District
P.O. Box 121
Butler, Oklahoma 73625

**TO THE BOARD OF DIRECTORS OF THE
BUTLER EMERGENCY MEDICAL SERVICE DISTRICT**

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 District 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 whether the District's collections, disbursements, and cash balances for the fiscal year ended June 30, 2019 were accurately presented on the estimate of needs.

All information included in the records of the District is the representation of the Butler Emergency Medical Service District.

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 Butler Emergency Medical Service District.

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 Butler Emergency Medical Service District. 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 19, 2021

**BUTLER EMERGENCY MEDICAL SERVICE DISTRICT
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SCHEDULE OF FINDINGS AND RESPONSES

Finding 2019-001 – Internal Controls and Noncompliance over Open Meeting Act

Condition: Upon inquiry of the Butler Emergency Medical Service District (the District) employees and review of the Board minutes, the following weaknesses were noted:

- In one (1) instance, the District Board minutes for May 20, 2019 reflect the start time of the meeting as 6:35 p.m.; however, the agenda posted for the public reflects the start time for the meeting to be 5:30 p.m.
- In two (2) instances the date of the District Board minutes reflected a date of the meeting that was not the date posted on the agenda for the public’s view (November 28, 2018 and December 18, 2018).

Cause of Condition: Policies and procedures have not been designed and implemented to provide adequate internal controls over the documentation of District Board minutes in compliance with the Open Meetings Act.

Effect of Condition: These conditions resulted in noncompliance with the state statute regarding the Open Meeting Act concerning the recording of Board meeting minutes. Failure to provide adequate internal controls over documentation of District Board minutes could result in inaccurate records.

Recommendation: The Oklahoma State Auditor and Inspector’s office (OSAI) recommends the District Board develop policies and procedures to ensure Board minutes are reviewed for accuracy and in compliance with 25 O.S. § 311(B)(1) and 25 O.S. § 312(A) of the Open Meeting Act.

Board Response: The newly appointed members of the Board are now aware of providing accurate records of Board minutes that are in compliance with the Open Meeting Act and documenting the proper times and dates on Agendas.

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

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.

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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 25 O.S. § 311(B)(1) states, “All agendas required pursuant to the provisions of this section shall identify all items of business to be transacted by a public body at a meeting including, but not limited to, any proposed executive session for the purpose of engaging in deliberations or rendering a final or intermediate decision in an individual proceeding prescribed by the Administrative Procedures Act.”

Title 25 O.S. § 312(A) states, “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.”

Finding 2019-002 – Internal Controls Over the Collection and Reconciliation Processes and the Billing Process (Repeat Finding)

Condition: The District has implemented some mitigating controls including the Board’s review of the bank statements; however, one Board member continues to perform the duties of the collections and reconciliations processes.

Collection and Reconciliation Processes

A lack of segregation of duties continues to exist as follows:

- Preparing and delivering the deposit to the bank,
- Preparing the Monthly Financial Report, and
- Performing bank account reconciliations.

Additionally, policies and procedures regarding the collection process have not been designed and implemented by the Board.

Further, the District did not maintain a cumulative total of collections and disbursements for the fiscal year that were reconciled to the bank balance; therefore, a financial statement was not prepared by the District for the fiscal year.

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Billing Process

- The District has not implemented controls over the billing and collections process of patient accounts.
- The District did not maintain documentation of patient account payments and balances.
- The District did not receive nor review billing information from the third-party billing company regarding patient account balances during the fiscal year.
- Evidence of amounts to be written-off as uncollectable was not reviewed and/or approved by the Board during the fiscal year.
- The Board did not approve a fee schedule for billing ambulance service runs costs for the fiscal year.

The third-party billing company could not provide billing records to be reviewed; therefore, an ambulance service run test could not be performed. The lack of documentation resulted in no assurance that fees charged, patient account payments, uncollectable accounts, and patient account balances were complete or accurate.

Further, the third-party billing service informed us that the ambulance service runs were not billed during the fiscal year 2019 due to the District losing Medicare certification.

Cause of Condition: Policies and procedures have not been designed and implemented to sufficiently segregate the duties of the collection process, including implementing mitigating controls over the preparation and approval of monthly reports and financial statements, and providing evidence of a review process among the Board members to ensure funds are accurately reported. The District has not designed and implemented policies and procedures to ensure all ambulance service runs are billed in accordance with approved run rates and policies, and uncollectable accounts are approved to be written off by the Board. Further, the District has not designed and implemented policies and procedures to monitor patient accounts, including obtaining documentation of patient account balances.

Effect of Condition: A single person having responsibility for more than one area of recording, authorization, custody of assets, and execution of transactions could result in unrecorded transactions, misstated financial reports, clerical errors, or misappropriation of funds not being detected in a timely manner. These conditions resulted in unrecorded transactions, misstated financial reports, clerical errors, and the District under/over-billing for ambulance services.

Recommendation: OSAI recommends the District Board be aware of these conditions and realize that a concentration of duties and responsibilities in a limited number of individuals is not desired from a control point of view. The most effective controls lie in the District Board's oversight of office operations and a periodic review of operations. OSAI recommends the District Board provide segregation of duties so that no one can perform all accounting functions. Mitigating controls would include evidence of the review of the monthly report by the Board members and separating the duties of preparing and delivering and the deposit of funds to the bank. Additionally, OSAI recommends the District prepare and the Board approve monthly financial statements and cumulative balances for the District's financial statements. OSAI recommends the District design and implement procedures to monitor patient accounts, review the third-

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party billing service records to determine amounts charged agree to the fee schedule and patient accounts be monitored and approved as written off as uncollectable by the Board.

Board Response: The newly appointed members of the Board are aware of providing adequate segregation of duties of the collection and reconciliation process in that the Board Treasurer makes the monthly deposit of the ad valorem tax check after the Board Secretary picks up the mail. The Board Treasurer reconciles the monthly bank reconciliation, and the bank statement and reconciliation are reviewed and approved each month by all Board members in an open meeting. The board Treasurer will begin to provide a monthly financial statement for the Board’s review and a cumulative financial statement for the fiscal year. Regarding the billing process, the Board contracted with a private ambulance service to provide emergency medical service and to perform the billing process, beginning April 1, 2021. The contract service provider attends the monthly Board meeting and provides a summary of run activity.

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.

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.

Establishment and review of performance measures and indicators

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.

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