



CHOCTAW COUNTY AMBULANCE AUTHORITY

Statutory Report

For the fiscal year ended June 30, 2017

Cindy Byrd, CPA
State Auditor & Inspector

**CHOCTAW COUNTY AMBULANCE AUTHORITY
STATUTORY REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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Cindy Byrd, CPA | State Auditor & Inspector

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January 28, 2019

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

Transmitted herewith is the audit report of Choctaw County Ambulance Authority for the fiscal year ended June 30, 2017.

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 Authority Funds for FY 2017

	<u>FY 2017</u>
Beginning Cash Balance, July 1	<u>\$ 938,804</u>
Collections	
Ad Valorem Tax	198,597
Charges for Services	1,048,402
Sales Tax	182,346
Miscellaneous	2,531
Total Collections	<u>1,431,876</u>
Disbursements	
Personal Services	911,787
Maintenance and Operations	258,674
Audit Expense	15,935
Total Disbursements	<u>1,186,396</u>
Ending Cash Balance, June 30	<u>\$ 1,184,284</u>

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Sales Tax

Sales Tax of April 7, 2015

The voters of Choctaw County approved a continuation of a one percent (1%) sales tax on April 7, 2015 to become effective on June 1, 2015 and to expire June 30, 2020. This sales tax was reallocated to provide revenue to the County for the following

• Choctaw County Ambulance Authority	15%
• County Road Improvement	36%
• County Law Enforcement	15%
• County General	19%
• County Economic Development	9%
• County Extension Service	4%
• County Libraries (Maintenance and Operation)	2%

The Choctaw County Ambulance Authority was allocated \$182,346 during the fiscal year. These proceeds are accounted for in the 1 Cent Ambulance Cash fund.

Choctaw County Ambulance Authority
P.O. Box 567
Hugo, Oklahoma 74743

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

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

- 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 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.
- 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 Authority's collections, disbursements, and cash balances for FY 2017 were accurately presented on the estimate of needs.

All information included in the records of the Authority is the representation of the Choctaw 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 Choctaw 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 Choctaw 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 11, 2018

**CHOCTAW COUNTY AMBULANCE AUTHORITY
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SCHEDULE OF FINDINGS AND RESPONSES

Finding 2017-001 – Inadequate Internal Controls Over the Disbursement Process including the Petty Cash Fund (Repeat Finding)

Condition: Based on inquiry of Choctaw County Ambulance Authority (the Authority) and observation of the disbursement process, the following exceptions were noted regarding the test of forty (40) disbursements:

- One (1) claim and supporting documentation for publishing costs could not be located.
- Twenty-one (21) disbursements did not have evidence of a receiving report or the invoice was not signed and verified for accuracy.

Cause of Condition: Policies and procedures have not been designed and implemented to ensure all claims are filed with sufficient supporting documentation and to verify the goods and/or services were received.

Effect of Condition: These conditions could result in inaccurate records, incomplete information or misappropriation of assets.

Recommendation: The Oklahoma State Auditor and Inspector's Office (OSAI) recommends the Authority implement a system of internal controls to ensure that all disbursements have proper supporting documentation, and evidence of receiving goods and/or services.

Management Response:

Chairman of the Board: The Administrator and Board have implemented a system that ensures all invoices, bills, packing slips, and vendor receipts are checked in by two employees. Invoices, bills, packing slips, and vendor receipts will be attached to purchase orders, prior to being approved monthly by the Board.

Criteria: Accountability and stewardship are overall goals of management in the accounting of funds. Effective internal controls are essential to provide reasonable assurance about the achievement of the entity's objectives regarding the reliability of financial reporting. Key factors in this system are having supporting documentation maintained for recordkeeping and evidence of receipt of goods and services.

Finding 2017-002 – Inadequate Internal Controls Over the Payroll and Compensated Leave Process (Repeat Finding)

Condition: Based upon inquiry, observation, and review of thirty-six (36) Authority employees for one payroll period, the following exceptions were noted:

The Authority employees documented time worked electronically, using a time clock system; however, compensated leave balances were not acknowledged by employees or reviewed by management.

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- The Authority's vacation or sick accrual records for fifteen (15) full-time employees that received leave reflected three (3) employee payroll records had a variance as follows:
 - One (1) employee's vacation leave accrual balance was understated by six (6) hours.
 - One (1) employee's vacation leave accrual balance was overstated by twenty-four (24) hours.
 - One (1) employee's sick leave accrual balance was overstated by sixteen (16) hours. The employee's balance on the leave ledger reflected a zero balance; however, the calculated leave balance should have reflected a negative sixteen (16) hours as the balance.

Cause of Condition: Policies and procedures have not been designed and implemented to ensure the compensated leave ledger is reviewed for accuracy by employees and reviewed and approved by management.

Effect of Condition: These conditions resulted in inaccurate recordkeeping regarding the accrual and use of compensated leave benefits.

Recommendation: OSAI recommends the Authority provide evidence the compensated leave ledger is reviewed by employees and management, and approved for accuracy by management.

Management Response:

Chairman of the Board: The Administrator and Board have implemented a system that ensures each payroll claim will have documentation of compensated leave for each employee including the Administrator. Each employee will sign the leave ledger to verify the leave balance on a bi-weekly basis. Internal audits will be performed to avoid calculation errors.

Criteria: Accountability and stewardship are overall goals of management in the accounting of funds. Effective internal controls are essential to provide reasonable assurance about the achievement of the entity's objectives regarding the reliability of financial reporting. An important aspect of internal controls is to ensure timekeeping records, including compensated leave balances are accurately prepared and reviewed to provide reasonable assurance regarding prevention or timely detection of unauthorized transactions and/or misappropriation of funds.

Findings 2017-003 - Inadequate Internal Controls and Noncompliance Over Daily Deposits

Condition: The test of ten (10) deposits reflected four (4) instances in which the Authority did not make daily deposits. Three (3) to six (6) days lapsed between the date of receipt and the date of the deposit.

Cause of Condition: Policies and procedures have not been designed and implemented to ensure deposits are made daily in accordance with state statute.

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

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Recommendation: OSAI recommends the Authority design and implement a system of internal controls to ensure that deposits are made timely in accordance with 62 O.S. § 517.3 B.

Management Response:

Chairman of the Board: The Administrator and Board have implemented a system that ensures deposits will be made on a daily or next day basis.

Criteria: Accountability and stewardship are overall goals of management in the accounting of funds. Effective internal controls are essential to provide reasonable assurance about the achievement of the entity's objectives regarding the reliability of financial reporting. Key factors in this system include depositing funds in a timely manner to safeguard collections from possible misappropriation and maintain complete and accurate records.

Title 62 O.S. § 517.3 B states in part "The treasurer of every public entity shall deposit daily, not later than the immediately next banking day, all funds and monies of whatsoever kind that shall come into the possession of the treasurer by virtue of the office ..."



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