



CIMARRON COUNTY EMERGENCY MEDICAL SERVICE DISTRICT

Statutory Report

For the fiscal year ended June 30, 2018

Cindy Byrd, CPA
State Auditor & Inspector

**CIMARRON COUNTY EMERGENCY MEDICAL SERVICE DISTRICT
STATUTORY REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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Cindy Byrd, CPA | State Auditor & Inspector

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April 3, 2019

**TO THE BOARD OF DIRECTORS OF THE
CIMARRON COUNTY EMERGENCY MEDICAL SERVICE DISTRICT**

Transmitted herewith is the audit report of Cimarron County Emergency Medical Service District 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



**CIMARRON COUNTY EMERGENCY MEDICAL SERVICE DISTRICT
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 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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

	<u>FY 2018</u>	<u>Grant Fund</u>
Beginning Cash Balance, July 1	\$ 220,861	\$ -
Collections		
Ad Valorem Tax	156,636	-
Charges for Services	46,960	-
Miscellaneous	19,475	-
State Health Department Grant	-	64,376
Total Collections	<u>223,071</u>	<u>64,376</u>
Disbursements		
Personal Services	122,545	-
Travel	8,678	-
Maintenance and Operations	53,099	-
Capital Outlay	46,305	64,376
Total Disbursements	<u>230,627</u>	<u>64,376</u>
Ending Cash Balance, June 30	<u>\$ 213,305</u>	<u>\$ -</u>

Grant Fund

The Cimarron County Emergency Medical Service District requested and received an OERSSIRF grant from the Oklahoma State Health Department for \$78,845.00 for the purchase of equipment from the Oklahoma State Department of Health. The funds received in FY 2018 were accounted for in a separate fund that was maintained by Cimarron County.

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

Cimarron County Emergency Medical Service District
P.O. Box 162
Boise City, Oklahoma 73993-162

**TO THE BOARD OF DIRECTORS OF THE
CIMARRON COUNTY EMERGENCY MEDICAL SERVICE DISTRICT**

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 District's collections, disbursements, and cash balances for FY 2018 were accurately presented on the estimate of needs.

All information included in the records of the District is the representation of the Cimarron County 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 Cimarron County 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 Cimarron County 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

January 23, 2019

**CIMARRON COUNTY EMERGENCY MEDICAL SERVICE DISTRICT
STATUTORY REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

SCHEDULE OF FINDINGS AND RESPONSES

Finding 2018-003 – Internal Controls Over the Billing Process (Repeat Finding)

Condition: Upon inquiry of Cimarron County Emergency Medical Service District (the District) staff and observation of ambulance run sheets, billing records, and a test of thirty (30) ambulance service runs, we noted the following weaknesses:

- The District did not determine the variance between amounts billed by the third-party billing company and the Administrator’s calculations.
- Five (5) of the amounts billed by the third-party billing company did not agree to the amount calculated based on the Board approved fee schedule.
- In three (3) instances a receipt could not be located for a payment applied to a patient account.
- In one (1) instance an account had an unresolved overpayment. (Run Number 17132)
- In five (5) instances the third-party billing company did not have a record of the ambulance run being filed.

Cause of Condition: The District has not designed and implemented policies and procedures to review the third-party billing company records to determine all ambulance service runs are billed, amounts charged agree to the fee schedule and receipts are issued for all payments received.

Effect of Condition: These conditions could result in unrecorded transactions, misstated financial reports, clerical errors, or misappropriation of funds not being detected in a timely manner, and the District under/over-billing for ambulance services.

Recommendation: The Oklahoma State Auditor and Inspector’s Office (OSAI) recommends the District design and implement policies and procedures to review the third-party billing company records and determine all ambulance service runs are billed correctly, amounts charged agree to the fee schedule and are accurate, and receipts are issued for collections.

Management Response:

Chairman of the Board: The District Board will document in Board minutes the detail of approval and denial of billing records during the monthly meetings. The District Board has approved policies and procedures regarding the collection process including calculation and review of billing records, reviewing delinquent accounts and approval of amounts to be written-off as uncollectable.

Criteria: Accountability and stewardship are overall goals of the Board in the accounting of funds. Effective internal controls are essential to provide reasonable assurance about the achievement of the entity’s objectives with the regard to reliability of financial reporting, including verification that ambulance service runs are properly billed, receipts are issued for all funds received, receipts identify each patient account, and outstanding balances are monitored.

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

Condition: Based upon inquiry of District staff, review of Board Minutes and review of State Health Department of Oklahoma grant documents for the purchase of emergency medical equipment, the following exception was noted:

- The District did not competitively bid the purchase of a power cot and lift system.

Cause of Condition: The District was unaware of the requirement to bid equipment in excess of \$15,000.00 when utilizing grant funds.

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

Recommendation: OSAI recommends that the District implement policies and procedures to ensure all equipment purchases over \$15,000 are acquired through the sealed bid process as required by state statutes.

Management Response:

Chairman of the Board: The District is now aware of competitive bidding laws and will comply with those laws.

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 reliability of financial reporting and compliance with applicable laws and regulations.

Title 19 O.S. § 1723 requires EMS Districts to make equipment purchases in accordance with the county purchasing procedures as outlined in 19 O. S. § 1501 and 19 O.S. § 1505, which requires all purchases in excess of \$15,000 be competitively bid.

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

Condition: Upon inquiry of District staff, observation, review of documents regarding the payroll process and the test of ten (10) employees for the payroll period of March 2018, the following exceptions were noted:

- In three (3) instances timesheets were not signed by an employee.
- In one (1) instance the Director did not sign an employee's timesheet as reviewed.

Additionally, the Director's timesheet documented time worked as an EMT, but administrative hours worked were not documented.

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Cause of Condition: Policies and procedures have not been designed and implemented to ensure that timesheets are reviewed and signed by the employees and that the Director's administrative hours worked are accurately recorded.

Effect of Condition: These conditions could result in inaccurate recordkeeping, incorrect payroll disbursements and noncompliance with the Fair Labor Standards Act.

Recommendation: OSAI recommends the District develop policies and procedures to record all hours worked, to ensure employees sign their timesheets and the timesheets are signed by the supervisor/director as reviewed for accuracy.

Management Response:

Chairman of the Board: The District employees and Director will sign every timesheet. The District Board will design and implement policies and procedures regarding required hours for the director position.

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 are accurately prepared, approved by the employee, and approved by the supervisor to provide reasonable assurance regarding prevention or timely detection of unauthorized transactions and/or misappropriation of funds.

Additionally, the Fair Labor Standards Act defines employees as exempt from filing timesheets as follows:

- 29 Code of Federal Regulation (C.F.R) § 541.100 states, "(a) The term "employee employed in a bona fide executive capacity" is defined as any employee:
- (1) Compensated on a salary basis pursuant to §541.600 at a rate per week of not less than the 40th percentile of weekly earnings of full-time nonhourly workers in the lowest-wage Census Region (or 84 percent of that amount per week,
 - (2) Whose primary duty is management of the enterprise in which the employee is employed or of a customarily recognized department or subdivision thereof;
 - (3) Who customarily and regularly directs the work of two or more other employees; and
 - (4) Who has the authority to hire or fire other employees or whose suggestions and recommendations as to the hiring, firing, advancement, promotion or any other change of status of other employees are given particular weight."

Based on these criteria, the United States Department of Labor has recommended timesheets be completed by the director and bookkeeper to document hours worked to ensure compliance with the Fair Labor Standards Act.

**CIMARRON COUNTY EMERGENCY MEDICAL SERVICE DISTRICT
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Finding 2018-006–Internal Controls Over Fixed Assets Inventory Records (Repeat Finding)

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

- The District did not perform a periodic physical inspection of fixed assets inventory.

Additionally, a test of twelve (12) fixed assets reflected the following:

- Two (2) cardiac monitors were not listed on the fixed asset inventory records.

Cause of Condition: Policies and procedures have not been designed and implemented to ensure an annual verification of fixed assets is performed and documented and properly accounted for, maintained, and updated regularly by the District.

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

Recommendation: OSAI recommends that the District implement policies and procedures to maintain current fixed assets inventory records and perform an annual physical verification of fixed assets that is evidenced by signatures and dates.

Management Response:

Chairman of the Board: The District Board has approved a policy and procedure to update records and verify fixed assets twice each year as evidenced by approval of verification of fixed assets.

Criteria: An important aspect of internal control is the safeguarding of assets. Internal controls over safeguarding of assets constitute a process, affected by the entity’s governing body, management, and other personnel, designed to provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the entity’s assets and safeguarding assets from loss, damage, or misappropriation.

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