



CIMARRON COUNTY EMERGENCY MEDICAL SERVICE DISTRICT

Statutory Report

For the fiscal year ended June 30, 2017

Cindy Byrd, CPA
State Auditor & Inspector

**CIMARRON COUNTY EMERGENCY MEDICAL SERVICE DISTRICT
STATUTORY REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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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, 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,



CINDY BYRD, CPA
OKLAHOMA STATE AUDITOR & INSPECTOR



**CIMARRON COUNTY EMERGENCY MEDICAL SERVICE DISTRICT
STATUTORY REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Presentation of Collections, Disbursements, and Cash Balances of District Funds for FY 2017

	<u>FY 2017</u>
Beginning Cash Balance, July 1	<u>\$ 265,876</u>
Collections	
Ad Valorem Tax	144,890
Charges for Services	41,537
Miscellaneous	<u>4,225</u>
Total Collections	<u>190,652</u>
Disbursements	
Personal Services	104,747
Travel	3,410
Maintenance and Operations	46,663
Capital Outlay	72,603
Audit Expense	<u>8,244</u>
Total Disbursements	<u>235,667</u>
Ending Cash Balance, June 30	<u>\$ 220,861</u>

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 2017 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
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SCHEDULE OF FINDINGS AND RESPONSES

Finding 2017-002 – 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-two (32) ambulance runs, the following weaknesses were noted:

- The District did not determine the variance between the amounts billed by the third-party billing company and the Administrator’s calculations of amounts billed.
- In two (2) instances the third-party billing company did not have a record of the ambulance service run being filed.
- Nine (9) of the amounts billed by the third-party billing company did not agree to the amount calculated based on the Board’s approved fee schedule.
- In one (1) instance a receipt could not be located for a payment applied to a patient account.

Cause of Condition: The District has not designed and implemented policies and procedures to review the third-party billing company records to determine all 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 all ambulance service runs be properly billed, receipts are issued for all funds received, receipts identify each patient account, and outstanding balances are monitored.

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Finding 2017-003 –Internal Controls and Noncompliance Over the Competitive Bidding Process

Condition: Based upon inquiry of District staff and observation of the bidding process, the following exceptions were noted:

- The District did not document in the Board Minutes the reason the lowest bid was not selected for a new ambulance in which a down payment was made on July 5, 2016 in the amount of \$30,000.00.

Cause of Condition: Policies and procedures have not been designed and implemented to ensure that the District documents in the minutes the reason the lowest bid was not selected as best bid.

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

Recommendation: OSAI recommends that the District implement policies and procedures to ensure the Board Minutes document the reason the lowest bid was not selected as the best bid as required by state statutes.

Management Response:

Chairman of the Board: The Board will document in the Board minutes in more detail the reason the lowest bid was not selected as the best bid in compliance with state statute.

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 Districts to make purchases in accordance with the county purchase procedures as outlined in 19 O. S. § 1501 and 19 O. S. § 1505.

Title 19 O. S. § 1505 (B) (4) states in part “...The board of county commissioners shall keep a written record of the meeting as required by law, and any time the lowest bid was not considered to be the lowest and best bid, the reason for such conclusion shall be recorded.
...”

Finding 2017-004 – Internal Controls Over Timesheets and the Payroll Process

Condition: Upon inquiry of District staff, observation, review of documents regarding the payroll process and the test of seven (7) employees for the payroll period of November 2016, the following exceptions were noted:

- In five (5) instances the Supervisor/Director did not sign an employee’s timesheet as evidence of review.

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

Cause of Condition: Policies and procedures have not been designed and implemented to ensure that timesheets are reviewed and signed by the Director and 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 for employees to document all hours worked on timesheets in accordance with the Fair Labor Standards Act, to ensure 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/Director 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.

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Finding 2017-005 – Internal Controls Over Fixed Assets Inventory Records

Condition: Upon inquiry of District staff, observation, and review of the of the District’s fixed assets inventory records, it was noted that the District does not perform a periodic physical inspection of fixed assets inventory.

Cause of Condition: Policies and procedures have not been designed and implemented to ensure an annual verification of fixed assets is performed and documented.

Effect of Condition: This condition 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 perform and document a physical verification of assets.

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.

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



Cindy Byrd, CPA | State Auditor & Inspector

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