

# COMMUNITY AMBULANCE SERVICE DISTRICT

FOR THE PERIOD JULY 1, 2006  
THROUGH JUNE 30, 2008

# AGREED-UPON PROCEDURES REPORT



Oklahoma State Auditor  
& Inspector

**COMMUNITY AMBULANCE SERVICE DISTRICT  
AGREED-UPON PROCEDURES REPORT  
FOR THE PERIOD JULY 1, 2006 THROUGH JUNE 30, 2008**

---

This publication is printed and issued by the State Auditor and Inspector as authorized by Article 10, § 9C (i) of the Oklahoma Constitution and as defined by 19 O.S. § 1704.3. Pursuant to 74 O.S. § 3105.B, ten (10) copies have been prepared and distributed at a cost of \$24.65. Copies have been deposited with the Publications Clearinghouse of the Oklahoma Department of Libraries.

# STATE AUDITOR AND INSPECTOR

STEVE BURRAGE, CPA  
State Auditor

MICHELLE R. DAY, ESQ.  
Chief Deputy



2300 N. Lincoln Boulevard State Capitol, Room 100 Oklahoma City, OK 73105-4801 Phone (405) 521-3495 Fax (405) 521-3426 www.sai.ok.gov

February 20, 2009

TO THE BOARD OF TRUSTEES OF THE  
COMMUNITY AMBULANCE SERVICE DISTRICT

Transmitted herewith is the agreed-upon procedures report for the Community Ambulance Service District for the period July 1, 2006 through June 30, 2008. The Office of the State Auditor and Inspector is committed to serving the public interest by providing independent oversight and by issuing reports that serve as a management tool to the State. Our goal is to ensure a government that is accountable to the people of the State of Oklahoma.

We wish to take this opportunity to express our appreciation for the assistance and cooperation extended to our office during the course of our engagement.

Sincerely,

A handwritten signature in blue ink that reads "Steve Burrage". The signature is written in a cursive, flowing style.

STEVE BURRAGE, CPA  
STATE AUDITOR & INSPECTOR

**COMMUNITY AMBULANCE SERVICE DISTRICT  
FOR THE PERIOD JULY 1, 2006 THROUGH JUNE 30, 2008**

---

**INTRODUCTION**

Article 10, § 9C of the Oklahoma Constitution authorized the formation of emergency medical service districts and initially authorized a tax levy not to exceed 3 mills for the purpose of providing funds for the purpose of support, organization, operation, and maintenance of district ambulance services. District voters approved the formation of the District and an original 3.00 mills ad valorem levy to support the operation of the District. The Community Ambulance Service District is comprised of the Seiling School District in Dewey County and was created to provide ambulance service to all citizens in that district. Additionally, the District approved a general obligation bond issue in 2001 that was financed by 1.33 mills for the period 2006-2007 and .67 mill for the period 2007-2008.

Emergency medical service districts are governed by a board of trustees. The board of trustees (the board) has the power to hire a manager and other personnel, contract, organize, maintain, or otherwise operate the emergency medical service district. The trustees must act as a board when entering into contracts or other agreements affecting the district's welfare. Thus, actions taken by the board are voted on and approved by a majority of the trustees. The board of trustees' business meetings is open to the public. The board shall have the capacity to sue and be sued but shall enjoy immunity from civil suits for actions or omissions arising from the operation of the district. Such districts have the authority to charge fees for services, and accept gifts, funds, or grants.

**BOARD OF TRUSTEES**

CHAIRMAN

Gayle Chiles

MEMBERS

Janet Archer –Vice-Chairman

Keith Gardener – Member

Phil England – Member

Merisa Weeks –Member

Lynn Richardson –Member

CO-ADMINISTRATORS

Michael Nichols

Randy Feurborn

SECRETARY

Pamela Livingston

# STATE AUDITOR AND INSPECTOR

STEVE BURRAGE, CPA  
State Auditor

MICHELLE R. DAY, ESQ.  
Chief Deputy



2300 N. Lincoln Boulevard State Capitol, Room 100 Oklahoma City, OK 73105-4801 Phone (405) 521-3495 Fax (405) 521-3426 www.sai.ok.gov

## INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

TO THE BOARD OF TRUSTEES OF THE  
COMMUNITY AMBULANCE SERVICE DISTRICT

We have performed the procedures enumerated below, which were agreed to by management of the Community Ambulance Service District (the District), solely to assist you in evaluating the receipt and disbursement process, the safeguarding of capital assets, and in determining whether selected receipts and disbursements are supported by underlying records for the period July 1, 2006 through June 30, 2008. This agreed-upon procedures engagement was conducted in accordance with standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States of America. The sufficiency of these procedures is solely the responsibility of the specified parties in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

1. Observe whether receipting, depositing, and reconciling functions are performed by separate employees.

**Finding:** One part-time employee deposited collections. No receipts were written and there was no evidence that collections deposited were reconciled to bank records. The receipting, depositing, and reconciling functions were not properly segregated to assure adequate internal control structure.

**Recommendation:** OSAI recommends management be aware of this condition and realize that the concentration of duties and responsibilities in a limited number of individuals is not desirable from a control point of view. The most effective controls lie in management's knowledge of office operations and periodic review of operations.

**Views of responsible officials and planned corrective actions:** We concur with the recommendation, and the Board will oversee the operations of receipting, depositing, and reconciling of funds.

2. Randomly select 22 of the runs from the dispatch log book in order to:
  - A. Trace to the run sheet.
  - B. Agree fee charged to fee schedule.
  - C. Trace run to billing records.
  - D. Trace receipt number from billing records to receipt.

- E. Trace receipt to deposit slip.
- F. Agree cash/check composition of deposits to the receipts issued.
- G. Examine receipts to determine they are pre-numbered and issued in numerical order.
- H. Agree date of receipts to date of deposit slip.
- I. For any voided receipts, observe the original receipt.
- J. Observe second billing and or list sent to collection agency if no payment was received.
- K. Observe District Board authorization in the Board minutes if the amount was written off.

**Findings:** The Board made several changes within the audit period in both the personnel and the method in which the charges for service collections and accounts receivable were accounted for.

We observed that run sheets were maintained by the Co-Administrator and billing information was faxed to the third party billing agency.

Because no receipts were written, deposits were not documented as to the patient's name, and deposits could not be reconciled to accounts receivable records. We were unable to perform verification of funds to billing records, receipts to deposit slips and cash compositions of deposits to receipts issued. Additionally, because no receipts were written, we did not examine numerical order, date of receipt to date of deposit slip and voided receipts. Furthermore, no records were provided to us with regard to the observance of second billings.

We observed that the District Board did write-off some accounts; however, total amounts to be written off as bad debt were not included in the Board minutes.

**Recommendation:** OSAI recommends that the District continue to maintain run logs and run sheets. We further recommend that all collections received be issued pre-numbered duplicate receipts. Additionally, deposits recorded should be in sufficient detail so as to verify that receipts agree to deposits and reconcile to the billing agency's accounts receivable records. We further recommend that the Board routinely review bad debt and document the results in the District Board minutes of their recommendation to write-off debt by date, run number, amount and totals.

**Views of responsible officials and planned corrective actions:** The Board concurs with recommendations and will establish policy to issue receipts for all collections, provide documentation to reconcile charges to run sheets, and reconcile deposits to accounting records provided by the billing agency.

With respect to procedures A, B, and C, there were no findings as a result of applying these procedures.

3. Agree all bank reconciliations performed during the year to the financial records.

**Finding:** The secretary prepared bank reconciliations only at June 30 of each period

**Recommendation:** OSAI recommends that the Board establish policy and procedures to perform monthly bank reconciliations to provide timely detection of improprieties.

**Views of responsible officials and planned corrective actions:** The Board concurs with the recommendation.

4. We confirmed with financial institutions all cash and cash equivalent balances and investment balances as of June 30.

There were no findings as a result of applying the procedures.

5. Compare District cash/cash equivalents in each financial institution to the fair market value of each financial institution's pledged collateral at January and June.

**Finding:** The District maintains three bank accounts and has a certificate of deposit at the First National Bank of Seiling. During the period 2006-2007, the District bank account balances were in excess of the FDIC coverage of \$100,000 by as much as \$20,000. During the period 2007-2008, the District bank accounts were reduced by the last bond payment of \$16,420, which lowered the bank accounts to less than \$100,000.

**Recommendation:** OSAI recommends the District obtain pledged collateral for any amount over the FDIC insured limit, to provide safeguards over possible loss of funds.

**Views of responsible officials and planned corrective actions:** The Board concurs with OSAI recommendation and will monitor bank account balances to determine funds are covered by FDIC Insurance.

6. Trace ad valorem taxes remitted from the County Treasurer to the bank deposit slips and District revenue records.

**Finding:** The ad valorem taxes remitted to the District could be traced to bank deposits; however, receipt listings were misclassified in the amount of \$63.05 for June 30, 2007 and \$439.92 for June 30, 2008.

**Recommendation:** OSAI recommends that financial records reflect the proper classification of receipts to provide accurate reporting of collections.

**Views of responsible officials and planned corrective actions:** The Board concurs with OSAI recommendation.

7. Reconcile checks issued, as reported on the District's Estimate of Needs, to the District bank debits for the period July 1, 2006 through June 30, 2008.

**Finding:** At June 30, 2007, a variance of \$5,199.32 was noted in the reconciliation of checks issued to the bank debits. This variance could be attributed to the outstanding checks not being reported on the Estimate of Needs. At June 30, 2008, a variance of \$111.31 could not be reconciled.

**Recommendation:** OSAI recommends that the Board establish policy and procedures to reconcile the checks reported as issued on the Estimate of Needs to the bank debits to provide more effective internal control over reporting of disbursements.

**Views of responsible officials and planned corrective actions:** The Board concurs with OSAI recommendations.



8. Review the District's check register report to identify missing and/or voided checks and to obtain the disposition of missing or voided checks.

**Finding:** We reviewed the check register and noted the following exceptions:

- Check 3561 for \$294.30 was not recorded on the check register.
- Check 3590 for \$1,157.25 was voided, but was not removed from the check register as voided.
- Check 3932 for \$406.00 was not received by the payee; however the check was not voided.
- Check numbers 210 through 226 were handwritten and issued out of numerical sequence.
- Check numbers 1001 through 1003 were handwritten and issued out of numerical sequence.
- Some checks were signed by the secretary, who is not authorized to sign checks.

**Recommendation:** OSAI recommends the Board establish policy and procedures to account for voided and missing checks. Additionally, we recommend that checks be signed by two Board members and the checks be pre-numbered to provide effective internal control over disbursements of funds.

**Views of responsible officials and planned corrective actions:** The Board concurs with OSAI recommendations and has established policy to verify account ledgers to checks approved and signed by Board members.

9. Observe whether receiving goods and services, preparing claims, and issuing payments are performed by separate employees.

**Finding:** The receiving of goods and services was performed by the Co-Administrators; however, no claims were prepared for payment prior to the secretary preparing checks. This lack of internal control with regard to disbursements is inadequate to assure the Board that those goods and services have been received prior to payment.

**Recommendation:** OSAI recommends the use of purchase orders and approved claims.

**Views of responsible officials and planned corrective actions:** The Board concurs with OSAI recommendation and will begin implementation of a claim system, to better monitor disbursement of funds.

10. Randomly select 30 checks for disbursement; including all checks in excess of \$2,500 in order to:
  - A. Agree to invoices.
  - B. Agree payee on cancelled check to vendor on invoice.
  - C. Inspect the receiving report/invoice for signature of District employee who verified goods and/or services were received.
  - D. Trace claim approval to District Board minutes.
  - E. Observe that bidding requirements were met for items in excess of \$7,500.

**Finding:** The following exceptions were noted:

- Invoices could not be located for two of the 30 disbursements observed.  
Check 3592 for \$1,320.73 for ambulance repairs.  
Check 3596 for \$3,070.50 for legal fees.
- One check was handwritten and signed by only one employee.  
Check 3740 for \$544.78 for a printer including sales tax paid.
- Check 4038 for \$150.00 for accounting services was signed by the secretary that performed the accounting service.
- No description of the items purchased was noted on Check 3938 for \$10.98 for supplies.
- No itemization of the fuel purchased was indicated on the invoice for Check 4107 for \$109.31.
- Receiving reports were not completed for purchases.
- Claims were not completed for disbursements.
- Board minutes indicated that "*bills and payroll were presented for approval;*" however, individual vendors and amounts were not listed as approved.

None of the 30 disbursements were subject to bidding requirements.

**Recommendation:** OSAI recommends the Board establish policy and procedures to provide for effective internal control over purchasing and disbursements. As part of that compliance, each disbursement should be accompanied by an itemized original invoice, signed receiving document, and approved claim. Additionally, claims should be individually approved in monthly Board meetings and noted as such in Board minutes.

**Views of responsible officials and planned corrective actions:** We concur with the recommendation, and will approve claims in monthly Board meetings prior to approving checks for disbursement.

11. We observed each Board member's coverage for Official Bond was included in the District's insurance policy.

There were no findings as a result of applying the procedures.

12. Randomly select two payroll periods in order to:
  - A. Observe whether all employees prepared timesheets.
  - B. Inspect timesheets for signatures of employees and supervisors.

**Finding:** The District employees did not complete timesheets, nor did they sign documentation of time worked. Co-Administrators provided the secretary with the hours that employees were on call and the hours employees were called out on runs. These hours were tabulated based on a

calendar prepared by the Co-Administrator for each month. The secretary calculated the compensation for each employee and issued payroll checks accordingly.

**Recommendation:** OSAI recommends that each employee complete a monthly timesheet detailing hours on call and runs made and sign the timesheet. Additionally, the Co-Administrator should then review the timesheet and sign as the approving supervisor, prior to payment being made by the secretary.

**Views of responsible officials and planned corrective actions:** The Board has implemented a time sheet that records time "on call" and on runs and is signed by both the employee and supervisor.

13. Observe the publication notice of the District's Estimate of Needs and whether the District's expenditures exceeded its appropriations in budget category.

**Finding:** The notice of Estimate of Needs for each period was published. However, we noted a negative balance of \$10,624.19 in capital outlay in the unencumbered balance for the period 2007-2008. Additionally, the District's Estimate of Needs was observed to have not been budgeted for audit expense. For the period 2006-2007, audit expense of \$877.82 should have been appropriated and \$901.47 for the period 2007-2008.

**Criteria:** Title 19 O.S. 1717.A. states, "No expenditure may be authorized or made by any employee or member of the board which exceeds any fund balance for any fund of the budget as adopted or amended or which exceeds the appropriation for any fund of the budget as adopted or amended. Any balance remaining in a fund at the end of the budget year shall be carried forward to the credit of the fund for the next budget year."

Title 19 O.S. 1706.1 states in part, "The net proceeds of the one-tenth mill annual ad valorem levy upon the net total assessed valuation in any emergency medical service district for any year which shall be authorized and mandatorily required to be appropriated and dedicated to emergency medical service district audit..."

**Recommendation:** OSAI recommends the Board establish policy and procedures to provide that expenditures do not exceed appropriations set forth in 19 O.S. § 1717.A, and that one tenth of one mill of the annual ad valorem tax levy be appropriated for audit expenses as set forth in 19 O.S. §1706.1.

**Views of responsible officials and planned corrective actions:** The Board concurs with OSAI recommendation.

14. Confirm the District's policy regarding safeguarding of capital assets with the following criteria:
  - A. Observe the existence of an equipment inventory list.
  - B. Observe documentation of the conduct of a physical inventory.

**Finding:** The District has established an equipment inventory list, maintained by the Co-Administrator. However, the inventory list has not been updated to reflect changes in the inventory with regard to the following:

- Phone Answering Machine
- Fax Copier Printer

Inventory numbers have not been affixed to items, nor provided for on the inventory list.

There was no documentation that a physical inventory has been conducted.

No formal policy has been adopted by the Board with regard to safeguarding capital assets.

**Criteria:** Title 19 O.S. § 1718.A states, “A district shall maintain, according to its own accounting needs some or all of the funds and account groups in its system of accounts that are consistent with legal and operating requirements and as prescribed by the State Auditor and Inspector. The required funds may include, but not be limited to:

5. A ledger or group of accounts in which to record the details relating to the general fixed assets of the county.”

**Recommendation:** OSAI recommends the Board evaluate its policies and procedures for recording, reporting and inventorying its fixed assets and equipment and make the necessary changes to improve its controls over this area and its compliance with 19 O.S. § 1718.A.

**Views of responsible officials and planned corrective actions:** We concur with OSAI recommendation and will establish a policy for safeguarding capital assets, a numbering system for capital assets and conduct an annual physical count of same.

15. We observed insurance policies for the existence of coverage of capital assets.

There were no findings as a result of applying the procedures.

16. We confirmed balances, interest and principal payments and terms of debt, and we reviewed legal requirements for authorization of debt and voter records.

There were no findings as a result of applying the procedures.

17. Review Board minutes for existence of posting dates of meeting and recording of information in meetings.

**Finding:** The District Board Minutes were observed with the following exceptions noted:

- Three instances occurred in which the Board minutes were not signed by the Chairman or another Board member.
- Four instances were noted in which the Board did not meet due to a lack of quorum, but Board minutes did not reflect as such.
- The dates of the 2007 calendar year meetings were not posted with the County Clerk until April 3, 2007, and in three instances the dates posted were not the dates on which the Board met.
- The dates for the 2008 calendar year meetings did not include the January 7 meeting, which was posted February 6, 2008.

**Recommendation:** In accordance with the Opening Meetings Act, OSAI recommends the monthly meetings of an entity be posted prior the meeting dates, the dates posted be amended if there is a lack of quorum or the dates are changed.

**Views of responsible officials and planned corrective actions:** The Board concurs with OSAI recommendation.

**Finding:** The District did not have a current contract for the period July 1, 2006 through June 30, 2008, with Life EMS, the vendor that manages the billing of patient accounts for the District.

This contract was dated December 10, 2002, and was signed by an individual that is no longer a Board member.

**Recommendation:** OSAI recommends the District Board maintain a current contract with its vendors for the billing of patient accounts on a yearly basis.

**Views of responsible officials and planned corrective actions:** The Board concurs with OSAI recommendation and will obtain current signed contracts with the billing agency.

We were not engaged to, and did not conduct an examination or a review, the objective of which would be the expression of an opinion or limited assurance on the cash, receipts, disbursements, personnel costs, capital assets, and long-term debt for the District. Accordingly, we do not express such an opinion or limited assurance. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Board of Trustees, Excise Board, and Legislative Officials and should not be used for any other purpose. This report is also a public document pursuant to the Oklahoma Open Records Act (51 O.S., § 24A.1 et seq.), and shall be open to any person for inspection and copying.



STEVE BURRAGE, CPA  
STATE AUDITOR & INSPECTOR

November 18, 2008



**OFFICE OF THE STATE AUDITOR AND INSPECTOR  
2300 N. LINCOLN BOULEVARD, ROOM 100  
OKLAHOMA CITY, OK 73105-4896**

**[WWW.SAI.OK.GOV](http://WWW.SAI.OK.GOV)**