



COMMUNITY AMBULANCE SERVICE DISTRICT

Statutory Report

For the fiscal year ended June 30, 2018

Cindy Byrd, CPA
State Auditor & Inspector

**COMMUNITY AMBULANCE 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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January 13, 2021

**TO THE BOARD OF DIRECTORS OF THE
COMMUNITY AMBULANCE SERVICE DISTRICT**

Transmitted herewith is the audit report of Community Ambulance 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



**COMMUNITY AMBULANCE SERVICE DISTRICT
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Presentation of Collections, Disbursements, and Cash Balances of District Funds for FY 2018

	<u>Genera Fund</u>	<u>Sales Tax Revolving Fund</u>
Beginning Cash Balance, July 1	\$ 510,689	\$ 82,432
Collections		
Ad Valorem Tax	266,316	-
Charges for Services	85,544	-
Sales Tax Revenue	-	120,574
Sales Tax Reimbursement	28,629	-
Miscellaneous	4,697	330
Total Collections	<u>385,186</u>	<u>120,904</u>
Disbursements		
Personal Services	159,758	-
Travel	-	-
Maintenance and Operations	66,687	-
Capital Outlay	3,031	34,393
Audit Expense	15,335	-
Bond Expense and Fees	20,638	-
Total Disbursements	<u>265,449</u>	<u>34,393</u>
Ending Cash Balance, June 30	<u>\$ 630,426</u>	<u>\$ 168,943</u>

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

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Sales Tax

Dewey County voters passed a .75 of one (1) cent county sales tax on April 1, 2014. The sales tax is restricted to the following areas:

- County Roads and Bridges
- County Fire Protection
- Emergency Medical Services
- Public Safety Projects

Community Ambulance Service District (the District) receives county sales tax that is passed through the Dewey County Public Facilities Authority from Dewey County per the sales tax ballot. The District has a designated bank account for the funds received and funds are disbursed for the improvement and operation of the District.

The Dewey County Public Facilities Authority Board approves the disbursement of county sales tax funds to the District. The District submits a claim for reimbursement or a purchase order detailing the item(s) the District would like to purchase using the county sales tax funds to the Dewey County Public Facilities Authority Board. The Dewey County Public Facilities Authority Board votes to approve or deny the request for funds from the District. If the request is approved, the Dewey County Public Facilities Authority Board Treasurer requests that the bank issue a check to the District for the approved amount.

For the fiscal year ended June 30, 2018 the Community Ambulance Service District was allocated \$120,573.76 in sales tax appropriations and expended \$34,392.53 through the Dewey County Public Facilities Authority Board for the purchase of equipment.

General Obligation Bonds of 2009

The District has a general obligation bond in the original amount of \$150,000 that was paid by a .319 mill levy of ad valorem taxes for the fiscal year ended, June 30, 2018. The District received \$27,554.56 in ad valorem taxes and \$23.90 in interest. The District made a \$18,000.00 bond payment and paid \$2,437.50 for coupons and \$200.00 for fees during the fiscal year. This financial activity was accounted for in the District General Fund.

The District's outstanding general obligation bonds are \$42,000, of which \$18,000 is due in fiscal year 2019, and the final payment of \$24,000.00 is due in fiscal year 2020.

Community Ambulance Service District
PO Box 811
Seiling, Oklahoma 73663

**TO THE BOARD OF DIRECTORS OF THE
COMMUNITY AMBULANCE 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, 2018 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, 2018 were accurately presented on the estimate of needs.

All information included in the records of the District is the representation of the Community Ambulance 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 Community Ambulance 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 Community Ambulance 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

September 1, 2020

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SCHEDULE OF FINDINGS AND RESPONSES

Finding 2018-001 – Internal Controls and Noncompliance Over the Open Meeting Act

Condition: Upon review of the Community Ambulance Service District (the District) Board minutes and agendas, the following weaknesses and noncompliance with state statutes were noted:

- In one (1) instance the Board voted on an item that was not listed on the agenda.
- In one (1) instance executive session was listed on the Board meeting agenda; however, an individual or unique position was not noted on the agenda.
- In five (5) instances the agenda did not provide state statute references for executive session as required by the Open Meeting Act.

Cause of Condition: Policies and procedures have not been designed and implemented to provide adequate internal controls over the proper use of executive sessions and discussing only items listed on the agenda in accordance with the Open Meetings Act.

Effect of Condition: These conditions resulted in noncompliance with state statutes regarding the Open Meeting Act and Attorney General Opinion concerning the use of executive sessions and only discussing items listed on the agenda.

Recommendation: The Oklahoma State Auditor and Inspector's Office (OSAI) recommends the District Board comply with the Open Meeting Act and Attorney General Opinion and design and implement policies and procedures to ensure proper use of executive session and the Board only discusses items listed on the agenda.

Management Response:

Chairman of the Board: Community Ambulance Service accepts the findings of the Auditor's office. A thorough review and refresher will be made, and appropriate training will be provided to ensure that the staff, including the Administrators are well versed in the Open Meeting Act of Oklahoma. Agendas and minutes will follow the state statutes to the letter in the future.

Criteria: The United States Government Accountability Office's *Standards for Internal Control in the Federal Government* (2014 version) aided in guiding our assessments and conclusion. Although this publication (GAO Standards) addresses controls in the federal government, this criterion can be treated as best practices and may be applied as a framework for an internal control system for state, local, and quasi-governmental entities.

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The GAO Standards – Section 2 – Objective 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. § 307 states in part; “A. No public body shall hold executive sessions unless otherwise specifically provided in this section.

B. Executive sessions of public bodies will be permitted only for the purpose of:

1. Discussing the employment, hiring, appointment, promotion, demotion, disciplining or resignation of any individual salaried public officer or employee;”

1997 OK AG 61 states “A public body may not keep confidential the purpose of an executive session authorized pursuant to the Open Meeting Act at 25 O.S. Supp.1997, § 307(B)(1) in which it discusses the employment, hiring, appointment, promotion, demotion, disciplining or resignation of an individual salaried public employee.”

Finding 2018-002 – Internal Controls Over the Billing Process (Repeat Finding)

Condition: Upon inquiry of District employees, observation of the billing process, and a test of thirty-eight (38) ambulance service runs, the following weaknesses were noted:

- The District relied solely on the third-party billing company to ensure patients’ account balances were correct.
- In five (5) instances the amount billed for ambulance service runs did not agree to the amount calculated based on the fee schedule as approved by the Board.
- In three (3) instances records indicate the third-party billing company did not send a second billing for delinquent patient accounts.
- The third-party billing company charged patients “Out of County” rates anytime a patient was located outside the District or transferred to a location outside of the District; however, the District’s policy allows for patients located outside the District to be charged “Out of County” rates.

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Cause of Condition: The District has not designed and implemented policies and procedures to ensure all ambulance service runs are billed in accordance to the approved run rates and policies, and all delinquent accounts are billed a second time for outstanding balances. Additionally, the District has not designed and implemented policies and procedures to monitor patient accounts.

Effect of Condition: These conditions could result in unrecorded transactions, misstated financial reports, clerical errors, and the District under/over-billing for ambulance services.

Recommendation: OSAI recommends the District design and implement procedures to monitor patient accounts, review the third-party billing service records to determine amounts charged agree to the fee schedule and patients received a second billing if accounts are not paid in full, and obtain the explanation of benefits for insurance payments received. Additionally, the Board should communicate to the third-party billing company the Board’s policy for “In County” and “Out of County” charges.

Management Response:

Chairman of the Board: Community Ambulance Service once again accepts this finding. The District understands the importance of this problem and has worked in the past to correct the issues. The District will ensure that billing charges are correct with each run. The District will make sure that delinquent accounts are reviewed for amounts to be written off and amounts received from insurance including subsequent billing reflect those changes. Procedures will be implemented to make sure the billing is correct, and that delinquent accounts are written off and/ or sent to the collection agency.

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

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

Condition: Upon inquiry of District employees, observation of the disbursement process, and the test of twenty-five (25) disbursements, the following weaknesses were noted:

- In three (3) instances employees were reimbursed mileage expense at a rate greater than the Federal Standard Mileage Rate.
- In three (3) instances a disbursement for mileage reimbursement did not include beginning or ending odometer reading or beginning and ending location for travel.
- In eight (8) instances there was no evidence of verification of goods and/or services received.

Additionally, the test of nine (9) credit card statements reflected the following weaknesses:

- In three (3) instances, adequate supporting documentation was not attached to the credit card statement.
- In one (1) instance, a purchase for software provided to the contracted bookkeeper did not appear to be an appropriate disbursement of the District.
- In one (1) instance, there was no evidence of verification of goods and/or services received.

Cause of Condition: Policies and procedures have not been designed and implemented to ensure all purchases are supported with adequate documentation, verification of goods and/or services received, and purchases are appropriate disbursements of the District.

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.

Recommendation: OSAI recommends the Board design and implement policies and procedures to ensure all purchases are supported with adequate documentation, verification of goods and/or services received, and all purchases are appropriate disbursements of the District.

Management Response:

Chairman of the Board: Community Ambulance Service accepts the findings as submitted by the Auditors. The District will, going forward, make every effort available to ensure that the tickets are attached to the billing before approval by the Board. Mileage forms will be updated stating beginning mileage and ending mileage must be included in order to be reimbursed. Software will be the property of the District and the bookkeeper will be an employee of the District beginning October 6, 2020 to alleviate this problem in the future.

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

Establishment and review of performance measures and indicators
Management establishes activities to monitor performance measures and

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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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