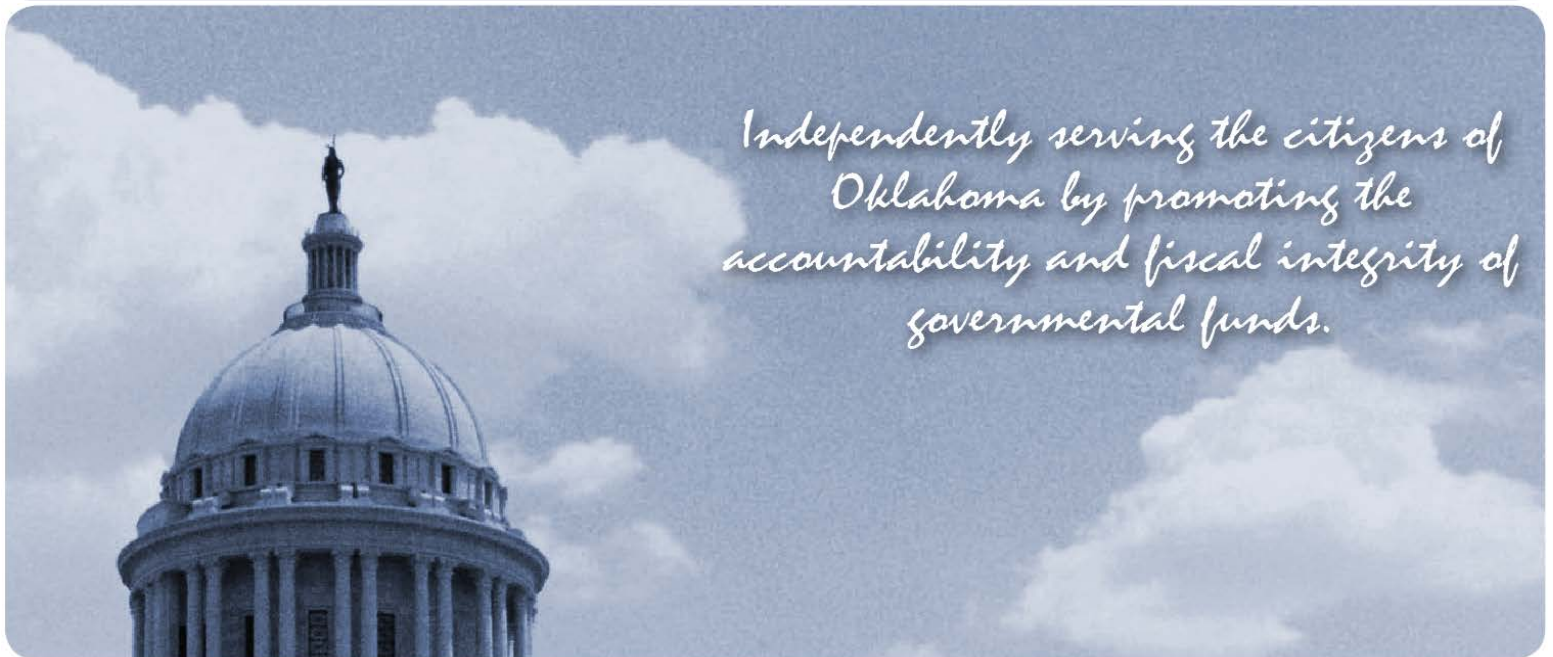


STATUTORY REPORT

COMMUNITY AMBULANCE SERVICE DISTRICT

For the fiscal year ended June 30, 2015



*Independently serving the citizens of
Oklahoma by promoting the
accountability and fiscal integrity of
governmental funds.*



Oklahoma State
Auditor & Inspector
Gary A. Jones, CPA, CFE

**COMMUNITY AMBULANCE SERVICE DISTRICT
STATUTORY REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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Oklahoma State Auditor & Inspector

2300 N. Lincoln Blvd. • State Capitol, Room 100 • Oklahoma City, OK 73105 • Phone: 405.521.3495 • Fax: 405.521.3426

October 4, 2017

**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, 2015.

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 "Gary A. Jones". The signature is written in a cursive, flowing style.

GARY A. JONES, CPA, CFE
OKLAHOMA STATE AUDITOR & INSPECTOR

**COMMUNITY AMBULANCE SERVICE DISTRICT
STATUTORY REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Presentation of Collections, Disbursements, and Cash Balances of District Funds for FY 2015

	<u>FY 2015</u>
Beginning Cash Balance, July 1	\$ 336,743
Collections	
Ad Valorem Tax	137,179
Charges for Services	76,910
Sales Tax	37,598
Miscellaneous	4,179
Total Collections	<u>255,866</u>
Disbursements	
Personal Services	117,344
Maintenance and Operations	45,704
Capital Outlay	19,586
Audit Expense	3,726
Bonds Expenses and Fees	23,202
Total Disbursements	<u>209,562</u>
Ending Cash Balance, June 30	<u>\$ 383,047</u>

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

**COMMUNITY AMBULANCE SERVICE DISTRICT
STATUTORY REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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.

The District received \$37,598.63 during the fiscal year ended June 30, 2015.

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



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Community Ambulance Service District
P.O. Box 811
Seiling, Oklahoma 73663

TO THE BOARD OF DIRECTORS OF THE COMMUNITY AMBULANCESERVICE 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 2015 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.

A handwritten signature in blue ink that reads "Gary A. Jones". The signature is written in a cursive style with a long horizontal stroke at the end.

GARY A. JONES, CPA, CFE
OKLAHOMA STATE AUDITOR & INSPECTOR

July 18, 2017

**COMMUNITY AMBULANCE SERVICE DISTRICT
STATUTORY REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

SCHEDULE OF FINDINGS AND RESPONSES

Finding 2015-1 – Inadequate Internal Controls Over Collections, Bank Reconciliations, and Pledged Collateral (Repeat Finding)

Condition: Upon inquiry of the Community Ambulance Service District (the District) staff and observation of accounting records, we determined the collection and reconciling duties appear to be adequately segregated among employees within the District and the accountant performing a second reconciliation of bank accounts; however, there is no independent verification of collections received or bank statement reconciliations by the District Board.

The accountant accesses District bank account activity online, prepares the bank reconciliations, and signs the Reconciliation Detail Sheet verifying that the balances are valid as of the date of the respective bank reconciliation.

The bank statement and Reconciliation Detail Sheet is then presented to the Board each month for approval; however, the following exceptions were noted in our review of this process:

- Reconciliation Detail Reports did not include all bank accounts for the District.
- Audit evidence was not available (signature, initials or date) to reflect that an actual review of the Reconciliation Detail Report was performed by the Board.

Cause of Condition: Policies and procedures have not been designed and implemented to ensure independent verification by the District Board for collections received and bank statement reconciliations, and monitoring of adequate pledged collateral by 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: The Oklahoma State Auditor and Inspector's Office (OSAI) recommends the Board provide evidence of a review and approval of all account reconciliations.

Management Response:

Chairman of the Board: The Board shall ensure Reconciliation Detail Reports will include all bank accounts for the District and signatures and dates reflect an actual review was performed at the time of the District's monthly Board meeting.

Criteria: Accountability and stewardship are overall goals of management in the accounting of funds. To help ensure a proper accounting of funds, the District Board should use information received directly from the bank, to verify the accuracy of collections deposited and bank statement reconciliations, and pledged collateral should be monitored to provide evidence of safeguarding the District's assets.

**COMMUNITY AMBULANCE SERVICE DISTRICT
STATUTORY REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Finding 2015-2 – Inadequate Internal Controls Over the Billing Process (Repeat Finding)

Condition: Based on observation of billing records and discussion with the District staff, we determined the following weaknesses exist in the billing process:

- There was no evidence that the District verified the amounts charged by the third-party billing service to ensure the amounts billed are accurate and verified to their records.
- There was no verification of second billings on delinquent accounts.
- There was no evidence that the District verified payments received were applied correctly to patient accounts by the third-party billing service.
- There was no contract for services signed between the District Board and the third-party billing service.
- The Board has not approved write-off amounts for patient accounts during the audit period.
- Audit evidence was not available (no signature, initials or date) to reflect that a review of the monthly reconciliation report presented to the Board was performed.
- Receipts could not be traced to the billing records.

The test of twenty-five (25) ambulance run sheets and corresponding billing records reflected the following exceptions:

- Three (3) instances were noted where the patient was charged a base fee that did not agree to the approved rate schedule.

Ambulance Run	Miles	Mileage Rate	Base Fee Charged	Total	Base Fee Calculated	Total	Variance	Date of Run
179-140902-1651	1	\$12.00	\$454.72	\$466.72	\$354.72	\$366.72	\$100.00	09/02/14
179-140921-1322	108	\$12.00	\$421.24	\$1,717.24	\$521.24	\$1,817.24	-\$100.00	09/21/14
179-141016-1359	108	\$12.00	\$321.70	\$1,617.70	\$421.24	\$1,717.24	\$(99.54)	10/16/14

One (1) instance was noted where the patient was charged mileage more than the amount the run.

Ambulance Run	Miles	Mileage Rate	Base Fee Charged	Total	Base Fee Calculated	Total	Variance	Date of Run
179-150216-0035	108.1	\$12.00	\$521.24	\$1,829.24	\$521.24	\$1,818.44	\$10.80	02/16/15

Cause of Condition: Policies and procedures have not been designed and implemented to adequately ensure the amounts billed for services are accurate, payments are applied correctly to patient accounts, electronic payments are applied to accounts by the third-party billing service, and patient account balances are monitored by the Board, including approval of write-off amounts, and the receipts can be traced to the billing records.

**COMMUNITY AMBULANCE SERVICE DISTRICT
STATUTORY REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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 or over billing for ambulance services.

Recommendation: OSAI recommends the Board be aware of these conditions and recommend the Board actively review the billing statements to ensure that correct amounts are billed, receipts are posted to patient accounts correctly and write-off amounts are approved.

Management Response:

Chairman of the Board: The Board recognizes the billing company did not have a yearly approved contract. As indicated in a previous finding, the Board will renegotiate that contract to correct this finding. The Board will act to verify billing, ensure second and subsequent billing is occurring, and write-offs are both accurately and timely being completed. The Board will revisit the manner receipts are completed to better coincide with billing statements. Every attempt will be made to enlist the billing company's help in this endeavor including placing wording in the contract requiring them to be more diligent in assisting management to provide assurance that amounts billed are based upon the billing policies adopted by the Board, and the billing process is monitored for correctness and completeness.

Criteria: Effective internal controls require oversight by management to provide assurance that amounts billed are based upon the billing policies adopted by the Board, and the billing process is monitored for correctness and completeness.

Finding 2015-4 – Inadequate Internal Controls Over the Disbursement Process (Repeat Finding)

Condition: The District has made efforts to implement some mitigating controls over the disbursement process including separating the duties of ordering and receiving supplies and implementing a policy in which all checks require two Board member signatures.

However, the test of twenty-five (25) disbursements resulted in the following exceptions:

- In two (2) instances, receipts were not attached to the invoice for supporting documentation of the disbursement.
- In seven (7) instances, the Chairman's approval for claim payment was not dated on the claim.
- In one (1) instance, the Chairman's signature of approval for payment was not present on the claim.
- In two (2) instances, a travel claim was not signed by the claimant; however, the Director and Chairman approved the claim for payment.

Cause of Condition: Policies and procedures have not been designed and implemented to ensure all disbursements are filed with sufficient supporting documentation for recordkeeping and required signatures and dates of approval are evident.

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.

**COMMUNITY AMBULANCE SERVICE DISTRICT
STATUTORY REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Recommendation: OSAI recommends the Board develop policies and procedures requiring adequate supporting documentation regarding goods/services received, and ensuring adequate evidence is available regarding the claimant's signature and the District Board's review and approval of claims.

Management Response:

Chairman of the Board: The Board accepts these findings. Steps will be taken to ensure each receipt is attached to invoices prior to Board approval each month. Also, greater care will be taken to obtain the Chairman's signature and date, and claimants' signatures are obtained when approved 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. Further, an important aspect of internal controls is evidence of supporting documentation and the claimant's signature and the District Board's review and approval of claims.

Finding 2015-5 – Inadequate Internal Controls Over Fixed Assets Inventory Records (Repeat Finding)

Condition: Based on inquiry of the District Board Chairman, observation of equipment, and review of the District's fixed assets inventory records, the following exceptions were noted:

- A complete and accurate fixed assets inventory listing was not maintained.
 - Serial numbers and/or vin numbers were not always noted on the listing.
 - Original costs of items were not always noted on the inventory listing.
- Evidence of a physical inventory verification being performed was not maintained in District records.
- A specified dollar threshold has not been established to determine fixed assets to be included on inventory.

Cause of Condition: Policies and procedures have not been designed and implemented to ensure fixed assets inventory is properly maintained and updated through a periodic review by the District.

Effect of Condition: These conditions could result in errors and improprieties, unrecorded transactions, inadequate fixed assets inventory records, and loss of District equipment.

Recommendation: OSAI recommends that policies and procedures be implemented to ensure complete and accurate fixed assets inventory records are properly maintained and annual physical inventory verifications are performed to identify equipment owned by the District and protect against loss.

Management Response:

Chairman of the Board: The Board accepts these findings and will work toward maintaining current and complete fixed assets records that is verified annually.

**COMMUNITY AMBULANCE SERVICE DISTRICT
STATUTORY REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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.

Finding 2015-6 – Inadequate Internal Controls Over Timesheets and the Payroll Process

Condition: Upon inquiry and observation of the payroll process, and a test of the payroll period for March, 2016 which included nine employees' compensation, the following internal control weaknesses were noted:

- One (1) timesheet did not have evidence of the Director's signature.
- The two Directors for the District did not submit a monthly timesheet during the fiscal year audited.
- The Bookkeeper did not submit a monthly timesheet during the fiscal year 2015.

Cause of Condition: Policies and procedures have not been designed and implemented to ensure that all employees sign and submit a timesheet and a Director approves timesheets.

Effect of Condition: These conditions could result in inaccurate recordkeeping and incorrect accrual of wage benefits.

Recommendation: OSAI recommends the District ensure all employees prepare and sign a timesheet, and that each timesheet is approved by a Director or Board member.

Management Response:

Chairman of the Board: The Board accepts these findings as presented. The Administrator and the Board will closely monitor timesheets to ensure they are correctly completed and signed by both the employee and the Director. The Board will enter a contract with the Directors and Bookkeeper for future service of the Director and Bookkeeper to include the duties and the required work for the monthly pay to eliminate the need for timesheets for these individuals.

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 and approved to provide reasonable assurance regarding prevention or timely detection of unauthorized transactions and/or misappropriation of funds.

Finding 2015-7 - Inadequate Internal Controls and Noncompliance Over the Bidding Process

Condition: Based upon inquiry, observation, and work conducted on the bidding process of the District, we noted the District Board published a bid solicitation and accepted bids for a defibrillator in February 2015; however, the following exceptions were noted:

**COMMUNITY AMBULANCE SERVICE DISTRICT
STATUTORY REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

- Board minutes do not reflect that sealed bids were opened and reviewed in open meeting.
- Board minutes do not reflect the awarding of the bid.
- Notification of vendor awarded the bid was not available.
- Proof of sealed bid or date/time stamp receipt could not be provided for the bids submitted.

Cause of Condition: Policies and procedures have not been designed and implemented to ensure that disbursements are competitively bid in compliance with the state statute.

Effect of Condition: These conditions resulted in noncompliance with state statutes, and could result in inaccurate records, incomplete information, or misappropriation of assets.

Recommendation: OSAI recommends that all purchases more than \$15,000 be competitively bid in accordance with state statutes. The District should follow purchasing procedures outlined in state statutes.

Management Response:

Chairman of the Board: The Board accepts these findings as listed above. The District accepted the lowest and only bid received for the purchase of the defibrillator at the time. However, the District recognizes that the above listed items were not adequately documented, including time and date stamp when received. The District will see that future bidding practices are completed as outlined in the state statutes.

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. § 1505, which requires all purchases more than \$15,000 be competitively bid.



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