



# CREEK COUNTY EMERGENCY MEDICAL SERVICE DISTRICT

## Statutory Report

For the fiscal year ended June 30, 2019

**Cindy Byrd, CPA**  
State Auditor & Inspector

**CREEK COUNTY EMERGENCY MEDICAL SERVICE DISTRICT  
STATUTORY REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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Cindy Byrd, CPA | State Auditor & Inspector

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June 23, 2020

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

Transmitted herewith is the audit report of Creek County Emergency Medical Service District for the fiscal year ended June 30, 2019.

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". The signature is fluid and cursive.

CINDY BYRD, CPA  
OKLAHOMA STATE AUDITOR & INSPECTOR



**CREEK COUNTY EMERGENCY MEDICAL SERVICE DISTRICT  
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**Presentation of Collections, Disbursements, and Cash Balances of District Funds for FY 2019**

	<b>FY 2019</b>
*Adjusted Beginning Cash Balance, July 1	\$ 4,790,388
Collections	
Ad Valorem Tax	1,455,727
Charges for Services	4,025,456
Miscellaneous	6,660
Total Collections	5,487,843
Disbursements	
Personal Services	3,647,827
Travel	2,833
Maintenance and Operations	1,181,076
Capital Outlay	891,053
Total Disbursements	5,722,789
Ending Cash Balance, June 30	\$ 4,555,442

\*The beginning cash balance was adjusted due to prior year misstatement of ending cash balance.

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

Creek County Emergency Medical Service District  
123 East Hobson  
Sapulpa, Oklahoma 74066

**TO THE BOARD OF DIRECTORS OF THE  
CREEK COUNTY EMERGENCY MEDICAL 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, 2019 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 compliance with contract service providers.
- Determined whether the District's collections, disbursements, and cash balances for the fiscal year ended June 30, 2019 were accurately presented on the estimate of needs.

All information included in the records of the District is the representation of the Creek 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 Creek 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 Creek 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 28, 2020

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**SCHEDULE OF FINDINGS AND RESPONSES**

**Finding 2019-001 – Internal Controls Over the Collections and Receipting Process (Repeat Finding)**

**Condition:** Based upon inquiry of the Creek County Emergency Medical Service District (the District) staff and observation of the collection and receipting process, the following weaknesses were noted:

- The software system does not generate receipts that are prenumbered in sequential order; rather, the receipt numbers are manually entered into the system for patient accounts as funds are collected.
- There are no District policies or procedures in place to determine patient account amounts that should be written off as uncollectible.
- A change fund of \$100.00 was maintained by an employee in a locked desk drawer; however, the change fund was not verified daily.

**Cause of Condition:** Policies and procedure have not been designed and implemented to ensure software controls are properly implemented to generate prenumbered receipts for patient account collections. Further, policies and procedures have not been designed and implemented to determine and authorize patient account amounts that should be written off as uncollectible. Finally, policies and procedures have not been designed and implemented to provide evidence of daily verification of the change fund.

**Effect of Condition:** These conditions could result in unrecorded transactions, undetected account errors, and the misappropriation of funds not being detected in a timely manner.

**Recommendation:** The Oklahoma State Auditor and Inspector’s Office (OSAI) recommends management be aware of these conditions and realize that the most effective controls lie in management’s oversight of office operations and a periodic review of operations.

Additionally, OSAI recommends the District Board review outstanding patient account delinquent balances to authorize and approve account amounts that should be written off as uncollectable.

Further, OSAI recommends management ensure that software system receipting capabilities are restricted, issuing prenumbered receipts for all collections and provide evidence of daily verification of the change fund.

**Management Response:**

**Chairman of the Board:**

- A. The software will not generate automatic receipts. Upon inquiry to the software provider, there is no plan to develop autogenerated receipting as part of the software program. It is financially imprudent for Creek County Emergency Medical Service District to change billing software companies at this juncture. The actual receipting process will be addressed, and a procedure developed.

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- B.** District procedures will be developed for amounts and accounts that are written off under bad debt or uncollectable.
- C.** District procedures will be developed for monitoring and providing evidence of the control of the "change fund" box containing \$100.00.

**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.

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

*Segregation of duties*

Management divides or segregates key duties and responsibilities among different people to reduce the risk of error, misuse, or fraud. This includes separating the responsibilities for authorizing transactions, processing and recording them, reviewing the transactions, and handling any related assets so that no one individual controls all key aspects of a transaction or event.

The GAO Standards – Principal 10 – Design Control Activities – states:

*Segregation of duties*

10.12- Management considers segregation of duties in designing control activity responsibilities so that incompatible duties are segregated and, where such segregation is not practical, designs alternative control activities to address the risk.

10.13-Segregation of duties helps prevent fraud, waste, and abuse in the internal control system. Management considers the need to separate control activities related to authority, custody, and accounting of operations to achieve adequate segregation of duties. In particular, segregation of duties can address the risk of management override. Management override circumvents existing control activities and increases fraud risk. Management addresses this risk through segregation of duties but cannot absolutely prevent it because of the risk of collusion, where two or more employees act together to commit fraud.

10.14-If segregation of duties is not practical within an operational process because of limited personnel or other factors, management designs alternative control activities to address the risk of fraud, waste, or abuse in the operational process.

**Finding 2019-004 – Internal Controls Over the Payroll Process (Repeat Finding)**

**Condition:** Upon inquiry and observation of the payroll process, and a test of one payroll period which included twenty (20) employees, the following exceptions were noted:



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- One (1) employee's timesheet could not be located due to inactivity status of the employee.
- Documentation of review and approval of five (5) employees' timesheets was not evidenced by the shift supervisor.

**Cause of Condition:** Policies and procedures have not been designed and implemented to ensure that employee timesheets can be located and documentation of a shift supervisor review and approval of employee timesheets.

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

**Recommendation:** OSAI recommends that all employee timesheets are maintained, and that each timesheet is verified by the employee and supervisor for accuracy.

**Management Response:**

**Chairman of the Board:** Procedures have been developed to ensure that all employees' timesheets will be located and verified; however, the procedure will be further refined to convey and ensure that the practice is followed by the following procedures.

- The on-shift daily Supervisor annotates the status of the employees for the day on the "Supervisor Daily Shift Report". If for some unforeseen circumstance this act is not carried out, then a higher-ranking official will notate on the report the status of the employee's daily hours logged.
- If a discrepancy is found at the end of the pay period when time is collected to be processed to payroll, the overseeing time sheet monitor will verify against the existing records i.e. patient care reports, cameras, dispatch records, etc.
- If a problem still presents itself in the form of a payroll error, the payroll processor will notate on the preliminary check register the problem and correction of the error.

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

*Segregation of Duties*

Management divides or segregates key duties and responsibilities among different people to reduce the risk of error, misuse, or fraud. This includes separating the responsibilities for authorizing transactions, processing and recording them, reviewing the transactions, and handling any related assets so that no one individual controls all key aspects of a transaction or event.

*Accurate and timely recording of transactions*

Transactions are promptly recorded to maintain their relevance and value to management in controlling operations and making decisions. This applies to the entire process or life cycle of a transaction or event from its initiation and authorization through its final classification in summary record. In addition, management designs control activities so that all transactions are completely and accurately recorded.

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10.13 – Segregation of duties helps prevent fraud, waste, and abuse in the internal control system. Management considers the need to separate control activities related to authority, custody, and accounting of operations to achieve adequate segregation of duties. In particular, segregation of duties can address the risk of management override. Management override circumvents existing control activities and increases fraud risk.

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STATE AUDITOR & INSPECTOR



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