



ELLIS COUNTY EMERGENCY MEDICAL SERVICE DISTRICT

Statutory Report

For the fiscal year ended June 30, 2022

Cindy Byrd, CPA
State Auditor & Inspector

**ELLIS COUNTY EMERGENCY MEDICAL SERVICE DISTRICT
STATUTORY REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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July 17, 2023

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

Transmitted herewith is the audit report of Ellis County Emergency Medical Service District for the fiscal year ended June 30, 2022.

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

**ELLIS COUNTY EMERGENCY MEDICAL SERVICE DISTRICT
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FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

Presentation of Collections, Disbursements, and Cash Balances of District Funds for FY 2022

	General Fund	Sales Tax Revolving Fund
Beginning Cash Balance, July 1	\$ 1,371,759	\$ 495,668
Collections		
Ad Valorem Tax	389,960	-
Charges for Services	317,070	-
Sales Tax Revenue	-	245,589
American Rescue Plan Rural - ARPA	9,679	-
Miscellaneous	14,578	195
Sales Tax Reimbursement	187,153	-
Total Collections	918,440	245,784
Disbursements		
Personal Services	588,235	-
Reimbursement for Salaries	-	187,153
Maintenance and Operations	256,375	2,295
Capital Outlay	197,935	-
Audit Expense	27,354	-
Total Disbursements	1,069,899	189,448
Ending Cash Balance, June 30	\$ 1,220,300	\$ 552,004

Presented for informational purposes.

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Sales Tax

On March 3, 2020, Ellis County voters approved the following:

“The Sales Tax effective October 1, 2020 shall be forty percent (40%) of one percent for three (3) years and beginning October 1, 2023 fifty percent (50%) of one percent for two (2) years upon the gross proceeds of gross receipts derived from all sales or services in Ellis County, Oklahoma. Sales Tax of 25% of one percent for a period of five (5) years for funding of Ellis County Emergency Medical Service District to be used for wages, maintenance and operations.

For fiscal year 2022, the Ellis County Emergency Medical Service District was allocated \$245,589 in County Sales Tax and \$195 in interest revenue and expended \$187,153 for payroll and related salary expenses and \$2,295 in maintenance and operation expense of the District. These funds were accounted for in the “1303-3-8500-2005: Emergency Medical Service” account in the Ambulance Service District ST Fund. The disbursement of these funds is approved on Ellis County purchase orders by the Ellis County Board of Commissioners.

American Rescue Plan Act (ARPA)

American Rescue Plan Rural (ARP Rural) – ARPA money distributed to help address the disproportionate impact that COVID-19 has had on rural communities and rural health care. HRSA made payments to providers based on the amount and type of services they provided to Medicare, Medicaid, and Children’s Health Insurance Program (CHIP) patients who live in rural areas. The District received \$9,679 for the fiscal year.



Ellis County Emergency Medical Service District
1201 East 1st Street
Shattuck, Oklahoma 73858

**TO THE BOARD OF DIRECTORS OF THE
ELLIS 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, 2022 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, 2022 were accurately presented on the estimate of needs.

All information included in the records of the District is the representation of the Ellis 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 Ellis 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 Ellis 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

February 13, 2023

**ELLIS COUNTY EMERGENCY MEDICAL SERVICE DISTRICT
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SCHEDULE OF FINDINGS AND RESPONSES

Finding 2022-002 – Lack of Internal Controls and Noncompliance Over the Billing and Collections Process (Repeat Finding)

Condition: The EMS does not have an adequate segregation of duties over billing and collections to ensure that duties assigned to individuals are done so in a manner that would not allow one individual to control both the recording function and the procedures relative to processing a transaction.

- One employee:
 - Calculated the patient bills,
 - Filed patient bills with insurance companies and patients,
 - Received payments,
 - Issued receipts,
 - Posted transactions,
 - Maintained patient accounts,
 - Prepared the deposit, and
 - Made the deposit.

Additionally, a test of thirteen (13) ad valorem tax and exempt manufacturing deposits reflected the following weakness:

- In five (5) instances ad valorem checks and exempt manufacturing checks totaling \$159,7945 were deposited seven (7) business days or more after being issued by the County.

Cause of Condition: The Board has not designed and implemented policies and procedures to segregate the duties of billing and collections, and to ensure ad valorem collections are deposited timely.

Effect of Condition: These conditions resulted in noncompliance with state statute and could result in errors and improprieties, unrecorded transactions, and misappropriation of assets.

Recommendation: The Oklahoma State Auditor & Inspector’s Office (OSAI) recommends the Board be aware of these conditions and realize that concentration of duties and responsibilities in a limited number of individuals is not desired from a control point of view. The most effective controls lie in the Board’s oversight of office operations and a periodic review of operations. OSAI recommends the Board provide segregation of duties so that no one employee can perform all accounting functions. If segregation of duties is not possible due to limited personnel, OSAI recommends implementing compensating controls to mitigate the risks involved with a concentration of duties. Additionally, OSAI recommends the District design and implement policies and procedures to deposit collections daily as required by Title 62 O.S. § 517.3 B.

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Director Response: An Administrative policy is to be presented to the Board of Directors for approval. The policy requires a crew member to pick up mail and deposit checks to mitigate the concentration of duties and extended deposit times between the date of issuance and the deposit date.

Chairman of the Board: The Board of Directors will review policies provided by the Administrator to segregate duties that are concentrated to mitigate this issue.

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 – Principle 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 – Section 2 – Objectives 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 62 O.S. § 517.3 B states in part: “The treasurer of every public entity shall deposit daily, not later than the immediately next banking day, all funds and monies of whatsoever kind that shall come into the possession of the treasurer by virtue of the office ...”

Finding 2022-004 – Lack of Internal Controls Over the Disbursement Process (Repeat Finding)

Condition: Upon inquiry of District employees, observation of the disbursement process, and a test of forty-five (45) disbursements, the following weaknesses were noted:

- In fifteen (15) instances, adequate supporting documentation could not be located.
- In twenty-eight (28) instances, there was no evidence of a receiving verification.
- In five (5) instances, there was no evidence of Board approval.
- In eleven (11) instances, due to missing documentation, the purpose of the expenditure is unknown.

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- In two (2) instances, the District paid an invoice twice.
- Board approval of a new credit account was not documented.
- In three (3) instances, the credit card payment was more than the \$1,000 limit as approved by the Board.in a formal policy.

Cause of Condition: The District has not designed and implemented policies and procedures to ensure all purchase orders were supported with adequate documentation, purchases were appropriate expenditures, the verification of goods and/or services received were documented, and all disbursements were approved by the Board and documented in the minutes. Further, policies and procedures have not been completely implemented to ensure credit card disbursements follow the District's established policies and procedures.

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 District design and implement policies and procedures to ensure all purchase orders and documentation are maintained, purchases are supported with adequate documentation, the verification of goods and/or services received is documented, all disbursements are approved by the Board and documented in the Board minutes and implement established District policies and procedures.

Director Response: The Administration will review and rewrite policies and procedures to design and implement proper internal controls over bank drafts and the bank card. The Administration will work in conjunction with the Board of Directors in implementing a State Purchase Card or a Debit Card for petty cash policy and review or rewrite credit card policy and procedures. The Administrator will implement a more structured filing system to mitigate misplacement of documents. Bank drafts, including payroll claims that are preapproved, will be reviewed and approved in the Board meetings and documented in the minutes along with the corresponding check numbers. Management has added a two-person review process over employee reimbursements to review payments for mistakes.

Chairman of the Board: The Board of Directors understands the complex struggle with purchasing to ensure the cost of products is mitigated by any means possible. The Board of Directors will review policies presented by the Administrator and work towards a more appropriate policy to place oversight over the purchasing processes. The Board of Directors will continue to provide oversight of the Administrator's practices and monitor continued improvement or degradation in Administrators duties. The Administrator provided and explained the issues with purchase orders, bank drafts and credit card balances that are more than \$1,000. The Board of Directors agree that policies need to be reviewed, policies amended, and discussion held regarding using other means of purchasing. The Board of Directors will make sure the Secretary places preapproved bank drafts in Board meeting minutes for approval. Management response is appropriate, and the Board of Directors agrees with the added security of two people looking at reimbursements before approving them for payment.

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

Policies & Procedures, Bylaws

Management clearly documents internal control and all transactions and other significant events in a manner that allows the documentation to be readily available for examination. The documentation may appear in management directives, administrative policies, or operating manuals, in either paper or electronic form. Documentation and records are properly managed and maintained.

Finding 2022-007 – Lack of Internal Controls and Noncompliance Over the Competitive Bidding Process

Condition: Upon inquiry of the District Director, observation of documents and a test of the bidding process, the Board did not comply with the competitive bidding requirements, when they approved the purchase one (1) ambulance totaling \$197,935.

Cause of Condition: Policies and procedures have not been designed and implemented over the competitive bidding process to ensure compliance with state statutes.

Effect of Condition: This disbursement resulted in noncompliance with the state statutes regarding competitive bid requirements of equipment purchases exceeding \$25,000.

Recommendation: OSAI recommends the District design and implement policies and procedures to ensure the District follows the competitive bidding requirements for the purchase of equipment exceeding \$25,000 in accordance with 19 O.S. § 1723.

Additionally, the Board should maintain evidence competitive bidding was properly performed. These procedures include the following documentation:

- proof of publication of the bid solicitation,
- proof the bids were time and date stamped when received,
- justification and approval of awarding the competitive bid to a bidder other than the lowest bidder in the Board minutes, and
- documentation of notification to the successful bidder.

Further, documentation should be maintained in a bid file and bid awards should be documented in the Board minutes.

Director Response: The Administrator is learning about bidding and the processes of the County competitive bidding act. The Administrator was told by sales that they were on a contract but due to the learning curve of the Administrator it was found that the contract was of another source. The Administration did research and the ambulance that was purchased was well within the purchasing price negotiated. The Administrator will review County purchasing and align more with the procedures of the County in competitive bidding.

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Chairman of the Board: The Board of Directors relies on the Administrator to bring forth all information and guide all processes. We are confident that the Administrator did well in negotiations and believe that the Administrator will act on good faith.

Auditor Response: OSAI recommends the District comply with the competitive bidding requirements, for equipment purchases exceeding \$25,000, in accordance with 19 O.S. § 1723.

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

Appropriate documentation of transactions and internal control

Management clearly documents internal control and all transactions and other significant events in a manner that allows the documentation to be readily available for examination. The documentation may appear in management directives, administrative policies, or operating manuals, in either paper or electronic form. Documentation and records are properly managed and maintained.

The GAO Standards – Section 2 – Objectives 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. Some entities may set objectives to a higher level of performance than established by laws and regulations. In setting those objectives, management is able to exercise discretion relative to the performance of the entity.

Title 19 O.S. § 1723 requires Districts to make equipment purchases in accordance with the county purchase procedures as outlined in 19 O.S. § 1501 and § 1505, which requires all equipment purchases in excess of \$25,000 be competitively bid.

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S·A·I
STATE AUDITOR & INSPECTOR



Cindy Byrd, CPA | State Auditor & Inspector

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