



ELLIS COUNTY EMERGENCY MEDICAL SERVICE DISTRICT

Statutory Report

For the fiscal year ended June 30, 2018

Cindy Byrd, CPA
State Auditor & Inspector

**ELLIS COUNTY EMERGENCY MEDICAL 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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October 8, 2019

**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, 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



**ELLIS COUNTY EMERGENCY MEDICAL SERVICE DISTRICT
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Presentation of Collections, Disbursements, and Cash Balances of District Funds for FY 2018

	<u>General</u>	<u>Sales Tax Revolving Fund</u>
Beginning Cash Balance, July 1	\$ 1,128,200	\$ 673,134
Collections		
Ad Valorem Tax	314,814	-
Charges for Services	191,079	-
Sales Tax Revenue	-	259,398
Miscellaneous	3,570	1,013
Sales Tax Reimbursement	<u>338,193</u>	<u>-</u>
Total Collections	<u>847,656</u>	<u>260,412</u>
Disbursements		
Personal Services	435,251	-
Reimbursement for Salaries	-	338,193
Travel	-	-
Maintenance and Operations	320,390	-
Audit Expense	<u>21,240</u>	<u>-</u>
Total Disbursements	<u>776,881</u>	<u>338,193</u>
Ending Cash Balance, June 30	<u>\$ 1,198,975</u>	<u>\$ 595,353</u>

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Sales Tax

On February 10, 2015, Ellis County voters approved a 1% sales tax commencing on September 30, 2015 for five (5) years. The Ellis County Emergency Medical Service District (the District) receives 22% of the 1% percent sales tax for three (3) years; then beginning October 1, 2018, the District will receive 25% of one percent for two (2) years to be used for wages, maintenance and operations of Ellis County Emergency Medical Service.

For fiscal year 2018, the Ellis County Emergency Medical Service District was allocated \$259,398.45 in County Sales Tax and expended \$338,192.59 for the payroll and related salary expenses of the District. These funds were accounted for in the Ellis County Clerk's records as a cash fund entitled, EMS-02. The disbursement of these funds is approved on Ellis County purchase orders by the Ellis County Board of Commissioners.

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 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 2018 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

June 10, 2019

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

Finding 2018-002 – Internal Controls and Noncompliance Over the Open Meeting Act (Repeat Finding)

Condition: Upon review of Ellis County Emergency Medical Service District (the District) Board minutes and agendas, the following weaknesses and noncompliance with state statutes were noted:

- A schedule of regular District Board meetings was not filed with the Ellis County Clerk.
- In two (2) instances the Board discussed topics in executive session that are not provided for by state statute.
- In two (2) instances executive session was listed on the Board meeting agenda; however, a specific purpose was not noted on the agenda.
- In one (1) instance, the Board minutes reflect the Board adjourned after returning from executive session and did not reflect whether the Board made a decision or took no action after returning from executive session.
- In one (1) instance the Board minutes did not reflect the Board’s decision after returning from discussion in executive session as required by state statute.
- In one (1) instance the Board minutes did not reflect the Board’s decision to enter executive session and return from executive session. Further, after returning from executive session, the Board did not state the Board’s intent to take no action on the matters discussed in executive session as required by state statute.
- In two (2) instances the agenda did not use a unique position or identify the employee being discussed in executive session as required by state statute and Attorney General Opinion 1997 OK AG 61.

Additionally, District employees destroyed old records including numerous months of signed Board minutes and agendas.

Cause of Condition: Policies and procedures have not been designed and implemented to provide adequate internal controls over filing the regular meeting schedule with the County Clerk, proper use of executive sessions and the safeguarding of District Board minutes and agendas in compliance with state statutes and Attorney General Opinion 1997 OK AG 61.

Effect of Condition: These conditions resulted in noncompliance with the state statutes regarding the Open Meeting Act concerning the filing of a regular meeting schedule with the County Clerk, use of executive sessions in accordance with state statutes and Attorney General Opinion 1997 OK AG 61 and the retention of Board minutes and agendas. Failure to provide adequate internal controls over documentation of District Board minutes could result in inaccurate records.

Recommendation: The Oklahoma State Auditor and Inspector’s Office (OSAI) recommends the District Board develop policies and procedures to ensure a schedule of Board meetings is filed with the Ellis County Clerk and to ensure all Board minutes kept are in accordance with state statutes. Additionally, OSAI

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recommends the District Board develop policies and procedures to ensure he Board uses executive session as permitted by state statutes and Attorney General Opinion 1997 OK AG 61.

The Oklahoma State Auditor and Inspector's Office (OSAI) recommends the District Board develop policies and procedures to ensure a schedule of Board meetings is filed with the Ellis County Clerk and the Board uses executive session as permitted by state statute. Additionally, OSAI recommends the District Board develop policies and procedures to ensure all Board minutes are retained in accordance with state statutes and Attorney General Opinion 1997 OK AG 61.

Management Response:

Chairman of the Board: The Board has now filed a schedule of Board meetings with the Ellis County Clerk and will continue to do so. The Board will use Executive Session as permitted by the state statute. The Board will retain all the Board minutes in the future.

Criteria: Accountability and stewardship are overall goals of the Board in the accounting of funds. A component objective of an effective control system is to provide accurate and reliable information through proper documentation and safeguarding of the Board minutes and agendas.

Additionally, the Open Meeting Act requires the following:

25 O.S. § 311(A)(1) states: "All public bodies shall give notice in writing by December 15 of each calendar year of the schedule showing the date, time and place of the regularly scheduled meetings of such public bodies for the following calendar year."

25 O.S. § 311(A)(3) states: "All county public bodies including, but not limited to, public trusts and any other bodies with the county as beneficiary, shall give such notice to the county clerk of the county wherein they are principally located."

25 O.S. § 311(B) states: "1. 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.

2. If a public body proposes to conduct an executive session, the agenda shall:

- a. contain sufficient information for the public to ascertain that an executive session will be proposed,
- b. identify the items of business and purposes of the executive session, and
- c. state specifically the provision of Section 307 of this title authorizing the executive session."

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:

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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.”

25 O.S. § 312(A) states: “The proceedings of a public body shall be kept by a person so designated by such public body in the form of written minutes which shall be an official summary of the proceedings showing clearly those members present and absent, all matters considered by the public body, and all actions taken by such public body. The minutes of each meeting shall be open to public inspection and shall reflect the manner and time of notice required by this act.”

Finding 2018-004 – Internal Controls Over the Billing Process (Repeat Finding)

Condition: Upon inquiry of District staff and observation of ambulance service run sheets, the billing process, and a test of forty-six (46) ambulance service runs, the following weaknesses were noted:

- In six (6) instances the third-party billing service did not have a record of the ambulance service run billed for collection.
- 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.
- The authorization by the Board to write-off one (1) patient account as uncollectible could not be identified in the Board minutes.

Cause of Condition: The District has not designed and implemented policies and procedures to review the third-party billing service records to determine all ambulance service runs are billed, amounts charged agree to the fee schedule, and amounts to be written off as uncollectible are identified in the Board minutes.

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/over-billing for ambulance services.

Recommendation: OSAI recommends the District design and implement procedures to review the third-party billing service records and determine all ambulance service runs are billed, amounts charged agree to the fee schedule and amounts written off as uncollectible are identified in the Board minutes.

Management Response:

Chairman of the Board: The Board has updated and will continue to implement policies and procedures on the entire billing process and will make sure all uncollectible amounts are identified in the Board minutes.

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Criteria: Accountability and stewardship are overall goals of the Board in the accounting of funds. Effective internal controls are essential to provide reasonable assurance about the achievement of the entity's objectives with the regard to reliability of financial reporting, including verification runs are sent to the third-party billing service for ambulance service runs are properly billed, and accounts written off as uncollectable are documented in the Board minutes .

Finding 2018-006 – Internal Controls and Noncompliance Over the Disbursement Process (Repeat Finding)

Condition: Based upon inquiry of District staff and observation of the disbursement process, and the test of forty (40) disbursements, the following weaknesses were noted:

- In three (3) instances adequate supporting documentation could not be located for purchase orders.
- In twenty-five (25) instances there was no evidence of verification of goods and/or services received.
- The District paid \$94.33 in sales tax on six (6) purchases.
- In fourteen (14) instances the Board minutes did not adequately identify the disbursements that were approved by the Board.

Further, the test of eleven (11) credit card statements reflected the following exceptions

- In four (4) instances the District did not pay the amount due on the invoice.
- In three (3) instances a detailed statement from the fuel card company and fuel receipts were not attached to the purchase order.
- In two (2) instances the District paid \$27.02 in finance charges incurred on past due credit card statements.
- In two (2) instances the District paid sales tax totaling \$30.54.
- In five (5) instances the Board Minutes did not adequately identify the disbursements that were approved by the Board.
- In one (1) instance supporting documentation could not be located for a charge incurred on a credit card.

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, Board review and approval of purchases are documented, invoices are paid timely to avoid finance charges, and adherence to the state statute regarding the exemption of sales tax.

Effect of Condition: These conditions resulted in noncompliance regarding the exemption of sales tax on purchases and could result in errors, misstatements 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 evidence of Board review and approval of disbursements prior to payment. Further, OSAI recommends

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the Board develop policies and procedures to avoid paying sales tax on goods purchased as provided by Title 68 O.S. § 1356 (1).

Management Response:

Chairman of the Board: The Board will implement policies and procedures to ensure all purchases are supported with adequate documentation and receiving of goods and services, along with policies and procedures to avoid paying sales taxes on purchases.

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 including verification of the receipt of goods and/or services and the District Board's review and approval of claims.

Additionally, the District should adhere to the state statute concerning the sales tax exemption status of the District.

Title 68 O.S. § 1356 (1) states, "There are hereby specifically exempted from the tax levied by Section 1350 et seq. of this title:

1. Sale of tangible personal property or services to the United States government or to the State of Oklahoma, any political subdivision of this state or any agency of a political subdivision of this state; provided, all sales to contractors in connection with the performance of any contract with the United States government, State of Oklahoma or any of its political subdivisions shall not be exempted from the tax levied by Section 1350 et seq. of this title, except as hereinafter provided."

Finding 2018-007 – Internal Controls Over the Payroll Process (Repeat Finding)

Condition: Based on inquiry of District staff and observation of payroll records, the following weaknesses were noted:

- A timesheet was not prepared or approved for the former Director.
- The current Director prepares a timesheet for hours worked as a medic; however, administrative hours worked were not recorded on his timesheet.

Additionally, a test of the payroll period, April 26, 2018 to May 31, 2018, for eighteen (18) employees reflected the following:

- In one (1) instance a timesheet lacked evidence of a supervisor review.
- In one (1) instance a timesheet was not signed by the employee.
- In one (1) instance a timesheet could not be located.

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- In two (2) instances employees' leave balances could not be verified.

Cause of Condition: Policies and procedures have not been designed and implemented to ensure all employees complete a timesheet, evidence that employees and supervisors verify the accuracy of timesheets, and leave balances are accurately maintained.

Effect of Condition: These conditions could result in inaccurate recordkeeping, incorrect payroll disbursements and inaccurate leave accruals.

Recommendation: OSAI recommends the District ensure all employees prepare a timesheet, and that each timesheet has evidence of an employee signature and evidence of review and approval of the supervisor. Additionally, leave balances should be tracked by the District to ensure compliance with the District's leave policies.

Management Response:

Chairman of the Board: The Board is updating and implementing policies and procedures for all employees to prepare timesheets with signatures by employee, administrator and reviewed by the Board. Each full-time employee will have leave balances documented and tracked by the Supervisor.

Criteria: Accountability and stewardship are overall goals of management in the accounting of funds. Effective internal controls are essential to the achievement of the entity's objectives regarding the reliability of financial reporting, including documentation of payroll disbursements and policies regarding leave.

Finding 2018-008 – Internal Controls Over Fixed Assets Inventory Records (Repeat Finding)

Condition: Upon inquiry of District staff and observation of the of the District's fixed assets inventory records, the following weaknesses were noted:

- The Board has not established a dollar threshold for fixed assets inventory.
- A periodic physical inspection of fixed assets inventory was not performed.
- The fixed assets inventory list does not include the vehicle identification number (VIN) or serial numbers of equipment.

Additionally, a test of eighteen (18) fixed assets reflected the following exceptions:

- Two (2) computers were incorrectly listed as "modems" on the inventory list.
- Five (5) computer tablets were not listed on the fixed assets listing.
- The Board Minutes did not reflect Board approval of the disposal of one computer tablet.

Cause of Condition: Policies and procedures have not been designed and implemented to ensure fixed assets inventory is properly accounted for, maintained, and updated regularly by the District.

Effect of Condition: These conditions could result in errors and improprieties, unrecorded transactions, misappropriation of assets, or loss of District equipment.

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Recommendation: OSAI recommends that the District implement policies and procedures to establish a dollar threshold to record fixed assets and accurately maintain fixed assets inventory records. Records should be maintained in such a manner that all assets are included, assets can be identified by serial number, vehicle identification number (VIN), date of acquisition, and purchase price. Additionally, an annual physical verification of fixed assets should be performed and documented. Further, Board minutes should reflect the Board's approval of the disposition of fixed assets.

Management Response:

Chairman of the Board: The Board has voted on a dollar threshold for fixed assets and will implement policies and procedures to accurately maintain fixed assets inventory records with all necessary information on the fixed asset record. The Board will also have an annual inspection to verify all fixed assets and document such inspection. The Board will have any disposal of fixed assets on the agenda and in the Board minutes.

Criteria: An important aspect of internal controls 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.

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