



LEEDEY EMERGENCY MEDICAL SERVICE DISTRICT

Statutory Report

For the fiscal year ended June 30, 2019

Cindy Byrd, CPA
State Auditor & Inspector

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

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Cindy Byrd, CPA | State Auditor & Inspector

2300 N. Lincoln Blvd., Room 123, Oklahoma City, OK 73105 | 405.521.3495 | www.sai.ok.gov

August 31, 2020

**TO THE BOARD OF DIRECTORS OF THE
LEEDEY EMERGENCY MEDICAL SERVICE DISTRICT**

Transmitted herewith is the audit report of Leedeey 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".

CINDY BYRD, CPA
OKLAHOMA STATE AUDITOR & INSPECTOR



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

	<u>FY 2019</u>	<u>Sales Tax FY 2019</u>
Beginning Cash Balance, July 1	\$ 291,172	\$ 131,290
Collections		
Ad Valorem Tax	105,298	-
Sales Tax	-	71,520
Charges for Services	7,603	-
Miscellaneous	10,143	328
Total Collections	<u>123,044</u>	<u>71,848</u>
Disbursements		
Personal Services	7,147	-
Maintenance and Operations	44,288	12,415
Capital Outlay	3,008	56,576
Audit Expense	-	-
Total Disbursements	<u>54,443</u>	<u>68,991</u>
Ending Cash Balance, June 30	<u>\$ 359,773</u>	<u>\$ 134,147</u>

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

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COUNTY SALES TAX

Dewey County voters passed a three-quarters (.75) of one (1) cent 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

Leedey Emergency Medical Service District (the District) requests county sales tax that is disbursed by the Dewey County Public Facilities Authority from Dewey County as required per the sales tax ballot. The District has designated the Dewey County Treasurer to deposit these funds in a County bank account and funds are disbursed for the improvement and operation of the District.

The Dewey County Public Facilities Authority (DCPFA) Board approves the disbursement of county sales tax funds to the District. The District submits a request to DCPFA detailing the item(s) the District would like to purchase using the county sales tax funds. The DCPFA Board votes to approve or deny the request for county sales tax funds. Upon approval of the DCPFA Board, the Treasurer requests the bank issue a check to the vendor for the approved amount. During the fiscal year, the District requested payments totaling \$68,991 for improvements and operation of the District.

Leedey Emergency Medical Service District
P.O. Box 232
Leedey, Oklahoma 73654

**TO THE BOARD OF DIRECTORS OF THE
LEEDEY 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(s) 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(s) 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 Leedey 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 Leedey 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 Leedey 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

May 20, 2020

**LEEDEY EMERGENCY MEDICAL SERVICE DISTRICT
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SCHEDULE OF FINDINGS AND RESPONSES

Finding 2019-001- Internal Controls and Noncompliance Over the Accounting Process (Repeat Finding)

Condition: Upon inquiry of the Leedey Emergency Medical Service District (the District) Board members and observation of the collection process, the following weaknesses were noted:

- Receipts were not issued for payments received.
- The Treasurer did not sign checks in accordance with the Articles of Incorporation.
- The Board's review of the District's monthly bank statements was not documented.
- Bank statement reconciliations were not presented to the Board for review and approval.
- Monthly Treasurer Reports consisted of a verbal announcement at the Board Meeting stating the bank balances.
- The District did not prepare a June 30, 2019 financial statement reflecting the cumulative yearly totals with documentation of the Board's review and approval.

Cause of Condition: Policies and procedures have not been designed and implemented to issue receipts for collections, ensure the Treasurer signs checks, provide evidence of Board review and approval of bank statement reconciliations and review and approval of fiscal year-end financial statements.

Effect of Condition: These conditions resulted in noncompliance with state statute and could result in unrecorded transactions, misstated financial reports, undetected errors, or the misappropriation of funds.

Recommendation: The Oklahoma State Auditor & Inspector's Office (OSAI) recommends the District design and implement policies and procedures to ensure receipts are written for funds received, the Board Treasurer signs checks as required by the Articles of Incorporation, and bank statements, bank reconciliations and financial statements are presented to the Board for review and approval.

Board Response: We, the Leedey Ambulance Board, would like to state that the bookkeeper for us is paid and not on the Board, so we do not feel she needs to be on the checking account and be able to have access to our funds.

Auditor Response: The Board did not address all elements of this finding. Further, OSAI continues to recommend the Board issue receipts for payments received, document the review of monthly bank statements, prepare monthly financial reports. Additionally, OSAI recommends the Board comply with the District's Articles of Incorporation and elect a Treasurer from the Board members whose duties are defined as signing all checks.

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

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best practices and may be applied as a framework for an internal control system for state, local, and quasigovernmental entities.

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

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 records. In addition, management designs control activities so that all transactions are completely and accurately recorded.

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 – Principle 12 – Internal Control Activities – 12.04 states in part:

Documentation of Responsibilities through Policies

Those in key roles for the unit may further define policies through day-to-day procedures, depending on the rate of change in the operating environment and complexity of the operational process. Procedures may include the timing of when a control activity occurs and any follow-up corrective actions to be performed by competent personnel if deficiencies are identified. Management communicates to personnel the policies and procedures so that personnel can implement the control activities for their assigned responsibilities.

The GAO Standards – Principle 13 – Use Quality Information - 13.04 states in part:

Relevant Data from Reliable Sources

Management obtains relevant data from reliable internal and external sources in a timely manner based on the identified information requirements. Relevant data have a logical connection with, or bearing upon, the identified information requirements. Reliable internal and external sources provide data that are reasonably free from error and bias and faithfully represent what they purport to represent. Management evaluates both internal and external sources of data for reliability. Sources of data can be operational, financial, or compliance related. Management obtains data on a timely basis so that they can be used for effective monitoring.

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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 19 O. S. § 1706 states in part: “It shall be the duty of the board of the district on or before the third Monday of July in each year to produce or caused to be produced ... a financial statement of the district for the preceding year ending June 30th.”

Finding 2019-002 – Internal Controls Over the Patient Account Billing Process (Repeat Finding)

Condition: Upon inquiry of the District Board members, observation of the billing process and a test of twenty-five (25) ambulance runs, the following exceptions were noted:

- Patient account billing records were not maintained or obtained from the third-party billing service by the District on a routine basis; therefore, the following was noted:
 - In two (2) instances, payments mailed to the District were not reported to the third-party billing service,
 - Second billings and/or delinquent payment records were not maintained,
 - Outstanding balances of patient accounts could not be verified,
 - In two (2) instances, patient accounts did not reflect payments received; however, were subsequently written off as uncollectable by the Board.

Cause of Condition: The District has not designed and implemented policies and procedures to properly account for patient account payments, amounts written off as uncollectable, delinquent accounts and patient account balances resulting from ambulance runs.

Effect of Condition: These conditions resulted in unrecorded transactions, misstated financial reports, and could result in undetected errors, or the misappropriation of funds.

Recommendation: OSAI recommends the District design and implement policies and procedures to ensure an updated patient account ledger is maintained as payments are received, amounts written off as uncollectable are reported accurately and delinquent accounts are reviewed and approved by the Board. Furthermore, OSAI recommends the District ensure the payments received on accounts are forwarded to the third-party billing service.

Board Response: We, the Leedey Ambulance Board, have made some changes to the way our bookkeeper is doing the accounts. She will have a ledger printed for the Board at every meeting, with checks and balances. The District does not have purchase orders, but we will be able to put check numbers with every order and receipt for services.

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Auditor Response: The Board did not address all elements of this finding. Further, OSAI continues to recommend the Board maintain a patient account ledger to ensure payments received are applied to patient accounts, outstanding balances are accurate, and accounts paid are not written off as uncollectable by the Board.

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

Design of Appropriate Types of Control Activities

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.

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 records. In addition, management designs control activities so that all transactions are completely and accurately recorded.

Finding 2019-003 – Internal Controls and Noncompliance Over the Open Meeting Act (Repeat Finding)

Condition: Upon inquiry of the District Board and observation of the District Board minutes, it was noted that the Board minutes were inconsistent and indeterminate regarding legibility and content as reflected below:

- The District did not file a schedule of regular Board Meetings with the Dewey County Clerk.
- Minutes did not clearly reflect members who are present or absent at Board meetings.
- Minutes did not clearly identify the actions taken by the Board.
- Minutes did not record the individual Board Members' votes.
- Minutes did not identify the disbursements approved by the Board, other than "Bills were Paid."

Cause of Condition: Policies and procedures have not been designed and implemented to file a schedule of regular meetings with the County Clerk and to ensure District Board minutes adequately document the Board members present, the actions taken by the Board, votes of the individual Board members, and to identify disbursements approved by the Board.

Effect of Condition: These conditions resulted in noncompliance with the state statutes regarding the Open Meeting Act concerning meeting dates and times for regularly scheduled meetings and inadequate

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documentation of Board meetings and could result in unrecorded transactions, undetected errors, or misappropriation of funds.

Recommendation: OSAI recommends the District design and implement policies and procedures to ensure the District files a schedule of regular meetings with the County Clerk by December 15th each year and an official summary of the proceedings is taken by a person designated by the Board in compliance with the Open Meeting Act. The official summary should be legible and reflect clearly and accurately the members present and absent, all matters considered by the Board, and the individual votes of the Board members. If a vote is unanimous, it is sufficient to record all in favor; however, the best practice is to record how each individual voted, including yes and no votes, and whether there were any abstentions.

Board Response: We, the Leedeey Ambulance Board will type up a list of dates, times and place of monthly meetings and send it to the County Clerk by June 30, 2020 for next year. The Board will get a list out for rest of this year. Leedeey Ambulance Board will also post the monthly meetings on the door of ambulance building for the public to view.

Auditor Response: The Board did not address all elements of this finding. Further, OSAI continues to recommend the Board design policies and procedures to comply with the Open Meeting Act. The minutes should clearly reflect the members that are present or absent at Board meetings, clearly identify the actions taken by the Board and record the individual Board members' votes. Additionally, OSAI recommends the Board document in the Board minutes, the disbursements by check number and amount that are approved by Board at each meeting.

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 – 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. § 305 states, “In all meetings of public bodies, the vote of each member must be publicly cast and recorded.”

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Title 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.”

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. § 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.”

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