



# MAJOR COUNTY EMERGENCY MEDICAL SERVICE DISTRICT

## Statutory Report

For the fiscal year ended June 30, 2022

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

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

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October 4, 2023

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

Transmitted herewith is the audit report of Major 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

**MAJOR COUNTY EMERGENCY MEDICAL SERVICE DISTRICT  
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**Presentation of Collections, Disbursements, and Cash Balances of District Funds for FY 2022**

	<b>General Fund</b>
Beginning Cash Balance, July 1	\$ 621,640
Collections	
Ad Valorem Tax	419,260
Charges for Services	379,876
Miscellaneous	62,029
American Rescue Plan - (ARP Rural) - ARPA	11,072
Total Collections	872,237
Disbursements	
Personal Services	437,270
Maintenance and Operations	219,446
Capital Outlay	201,313
Total Disbursements	858,029
Ending Cash Balance, June 30	\$ 635,848

*Presented for informational purposes.*

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**American Rescue Plan Act (ARPA)**

American Rescue Plan (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 \$11,072 for the fiscal year.



Major County Emergency Medical Service District  
224 N. Main  
Fairview, Oklahoma 73737

**TO THE BOARD OF DIRECTORS OF THE  
MAJOR 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 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 disbursements were properly supported, were made for purposes outlined in 19 O.S. § 1710.1 and were accurately reported in the accounting records.
- Determined all purchases requiring bids complied with 19 O.S. § 1723 and 61 O.S. § 101-139.
- Determined payroll expenditures were accurately reported in the accounting records and supporting documentation of leave records was maintained.
- Determined 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 Major 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 Major 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 Major 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

July 18, 2023

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**SCHEDULE OF FINDINGS AND RESPONSES**

**Finding 2022-001 – Lack of Internal Controls Over the Billing and Collections Process (Repeat Finding)**

**Condition:** Based upon inquiry of the Major County Emergency Medical Service District (the District) employees and observation of the billing and collections process, the following weaknesses were noted:

- The District does not have an adequate segregation of duties 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 the processing of a transaction.

One employee performed the following duties:

- Received the mail,
- Issued receipts,
- Notified the third-party billing company of payments received, and
- Prepared the deposit.

Additionally, the test of thirty (30) ambulance service runs, reflected the following weaknesses:

- In nine (9) instances, the third-party billing company did not use the Board approved billing rates.
- In two (2) instances, Board approval could not be determined for patient accounts sent to collections by the third-party billing company.
- In one (1) instance, a patient's account was overpaid, and the District had not refunded the account.
- The District relied solely on the third-party billing company to ensure patient account balances were correct.

**Cause of Condition:** Policies and procedures have not been designed and implemented to sufficiently segregate the duties of the billing and collections process. Additionally, the District has not designed and implemented policies and procedures to monitor patient accounts, and ensure patients are billed in accordance with District policy.

**Effect of Condition:** A single person that has responsibility for more than one area of collections and disbursements functions could result in unrecorded transactions, misstated financial reports, clerical errors, or misappropriation of funds not being detected in a timely manner. These conditions resulted in the District under/over-billing for ambulance services and could result in unrecorded transactions, misstated financial reports, and clerical errors.

**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

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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 monitor patient accounts and to review the third-party billing service records to determine amounts charged agree to the fee schedule.

**Management Response:**

**Chairman of the Board:**

- The third-party billing company was given the Board approved fee schedule to follow. The discrepancy was due to a change in third-party billing companies at the time.
- The third-party billing company was given a Board-approved policy regarding patient accounts and the process to send those delinquent accounts to collections. With the policy in place, Board approval is no longer required.
- The patient account that was overpaid has been reviewed and correction to this account has been taken.
- The District has a spreadsheet to review and ensure patient account balances are correct.
- All deposits will be made in a timelier manner and if there is a lapse in time between receiving funds and deposits, notes will be made as to why there was a delay.

**Auditor Response:** The District did not address all aspects of the finding. OSAI recommends the Board design and implement policies and procedures to ensure segregating the duties so no one employee can perform all accounting functions for the billing and collection of patient accounts.

**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.

*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.

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**Finding 2022-002 – Lack of Internal Controls and Noncompliance Over the Open Meeting Act and Bidding Process**

**Condition:** Based upon inquiry of District employees, observation of the bidding process and a test of two equipment purchases, the following exceptions were noted:

- The Board minutes reflected the Director regularly informed the Board about the purchase of an ambulance; however, the Board minutes did not reflect the Board approved the purchase of a new ambulance.
- In accordance with competitive bidding statutes, the District may purchase through a national purchasing cooperative as an exception to soliciting bids for equipment; however, the Board minutes, purchase order and invoice did not indicate the District intended to purchase the ambulance through a national purchasing cooperative.
- The District joined the national purchasing cooperative the day the Board approved payment for the ambulance.
- To ensure the District met the specifications of a state grant award, the Board approved the payment, totaling \$219,700, for the new ambulance prior to delivery or taking possession of the ambulance.
- The District did not provide documentation to ensure they received the national purchasing cooperative pricing. The Director reached out to the vendor for more documentation and the vendor provided a more detailed invoice; however, the invoice listed the incorrect ambulance model, and the pricing listed did not agree to the national purchasing cooperative pricing.

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

**Effect of Condition:** These conditions resulted in noncompliance with state statutes regarding the Open Meeting Act and competitive bidding requirements of equipment purchased exceeding \$25,000.

**Recommendation:** OSAI recommends the District design and implement policies and procedures to ensure the Board documents all matters considered by the Board in accordance with 25 O.S. § 312(A). Additionally, 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.

Furthermore, when the District purchases equipment from a national purchasing cooperative, in lieu of soliciting competitive bids, the District should maintain evidence of equipment purchases through a national purchasing cooperative as follows:

- Board minutes should document that the purchase was made through a national purchasing cooperative,
- Specific equipment should be listed on the national purchasing cooperative bid award, and
- The vendor invoice should document that the purchase price agrees with the national purchasing cooperative awarded bid price.

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**Management Response:**

**Chairman of the Board:** The Board will ensure that national purchasing cooperative is followed for any future purchases. The District will ensure that the purchasing is followed closely and ensure that the agreement is followed. This process will ensure that the Open Meetings Act is followed as well as the competitive bidding process.

**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.

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.”

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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