



# MCCURTAIN COUNTY EMERGENCY MEDICAL SERVICE AUTHORITY

## Statutory Report

For the fiscal year ended June 30, 2021

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

**MCCURTAIN COUNTY EMERGENCY MEDICAL SERVICE AUTHORITY  
STATUTORY REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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July 15, 2024

**TO THE BOARD OF DIRECTORS OF THE  
MCCURTAIN COUNTY EMERGENCY MEDICAL SERVICE AUTHORITY**

Transmitted herewith is the audit report of McCurtain County Emergency Medical Service Authority for the fiscal year ended June 30, 2021.

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

**MCCURTAIN COUNTY EMERGENCY MEDICAL SERVICE AUTHORITY  
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**Presentation of Collections, Disbursements, and Cash Balances of Authority Funds for FY 2021**

	<b>General Fund</b>
Beginning Cash Balance, July 1	\$ 2,981,059
Collections	
Ad Valorem Tax	816,294
Charges for Services	1,831,500
Miscellaneous	21,601
Coronavirus Relief Fund (CRF) - CARES Act	71,228
Total Collections	2,740,623
Disbursements	
Personal Services	1,914,110
Maintenance and Operations	577,302
Capital Outlay	246,393
Total Disbursements	2,737,805
Ending District Financial Statement Balance	\$ 2,983,877

*Presented for informational purposes.*

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**Coronavirus Aid, Relief, and Economic Security (CARES) Act**

Coronavirus Relief Fund (CRF) – CARES Act – Money distributed to the State of Oklahoma to provide direct federal assistance to state governments, with consideration for local governments. The State of Oklahoma allocated \$5 million of CRF to the Oklahoma Ambulance Association (OKAMA) to distribute to licensed ambulance services across the state. The funds were to be used to reimburse ambulance services for unanticipated expenses in staffing, personal protective equipment (PPE), medical supplies, and lost insurance coverage due to COVID-19. The District received \$71,228 for the fiscal year.



McCurtain County Emergency Medical Service Authority  
827 E. Lincoln Road  
Idabel, Oklahoma 74745

**TO THE BOARD OF DIRECTORS OF THE  
MCCURTAIN COUNTY EMERGENCY MEDICAL SERVICE AUTHORITY**

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 collections 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, 2021 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 compliance with contract service providers.
- Determined whether the District's collections, disbursements, and cash balances for the fiscal year ended June 30, 2021 were accurately presented on the estimate of needs.

All information included in the records of the Authority is the representation of the McCurtain County Emergency Medical Service Authority.

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 McCurtain County Emergency Medical Service Authority.

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 McCurtain County Emergency Medical Service Authority. 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 6, 2024

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**SCHEDULE OF FINDINGS AND RESPONSES**

**Finding 2021-001 – Lack of Internal Control Over the Bank Reconciliation Process**

**Condition:** Based upon a test of McCurtain County Emergency Medical Service Authority’s (the Authority) bank reconciliations as of June 30, 2021, the following weaknesses were noted:

- Bank reconciliations were not signed and dated by the preparer.
- Bank reconciliations lacked evidence of Board review and approval.
- The General bank account has five (5) outstanding checks totaling \$3,435 dated back to fiscal year 2006.
- The Payroll bank account has ten (10) outstanding checks totaling \$1,032 dated back to fiscal year 2015.

**Cause of Condition:** Policies and procedures have not been designed and implemented to ensure bank reconciliations are signed and dated by the preparer, evidence of review and approval by Board are maintained, and checks outstanding more than one year are cancelled.

**Effect of Condition:** These conditions could result in unrecorded transactions, misstated financial reports, clerical errors, or misappropriation of funds.

**Recommendation:** The Oklahoma State Auditor & Inspector’s Office (OSAI) recommends the Authority design and implement policies and procedures to ensure bank reconciliations are signed and dated by both the preparer and the reviewer and evidence of Board review and approval be maintained. Additionally, OSAI recommends checks outstanding over one year should be cancelled by the Authority.

**Management Response:**

**Chairman of the Board:** Bank reconciliation policy will be implemented to assure signatures of preparer, Board review, and outstanding check procedures are implemented to comply with OSAI recommendations.

**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 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



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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.

**Finding 2021-002 – Lack of Internal Controls Over the Collections and Billing Process (Repeat Finding)**

**Condition:** Based upon inquiry of Authority employees, observation of the collection and billing process, and a test of forty-four (44) ambulance service runs, the following weaknesses were noted:

- Six (6) patient accounts were written-off without Board approval.
- Two (2) patient accounts were overpaid, and the Authority had not refunded the overpayment at the time of the audit.
- Two (2) ambulance service runs have not billed.
- One (1) payment was not receipted.

**Cause of Condition:** Policies and procedures have not been designed and implemented to ensure patients are refunded in a timely manner for overpayments, and that all patients are billed in accordance with the Authority's policies. Additionally, policies and procedures have been designed but not implemented by the Board to ensure they monitor the billing process to ensure delinquent patient accounts are reviewed and approved by the Board to be written-off as uncollectable.

**Effect of Condition:** These conditions could result in the Authority under/over billing for ambulance services, misstated financial reports, unrecorded transactions and/or loss of revenue.

**Recommendation:** OSAI recommends the Authority design and implement policies and procedures to ensure patients are refunded in a timely manner for overpayments, and that all patients are billed in accordance with the Authority's policies. Further, OSAI recommends the Authority implement their policies and procedures to monitor the billing process to ensure delinquent patient accounts are reviewed and approved by the Board to be written-off as uncollectable.

**Management Response:**

**Chairman of the Board:** Policies will be implemented for procedures to ensure that overpayments are reimbursed, that ambulance runs are billed properly, that all monies received are receipted and what old accounts are to be written off.

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**Criteria:** The GAO Standards - Principle 10 – Design Control Activities 10.03 states:

*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.

*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.

**Finding 2021-003 – Lack of Internal Controls and Noncompliance Over the Disbursement Process**

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

- Two (2) included sales tax totaling \$45.
- Two (2) included a late fee totaling \$16.
- Three (3) were not signed by the Director.
- Four (4) did not have adequate supporting documentation attached.
- Two (2) were not allowable expenses for the Authority.
- One (1) was paid over the amount allowed by the Authority’s policy for employee appreciation awards.
- One (1) could not be located by the Authority.

**Cause of Condition:** Policies and procedures have not been designed and implemented ensure all disbursements adhere to the state statute regarding the exemption of sales tax in accordance with 68 O.S. § 1356 (1). Further, policies and procedures have not been implemented to ensure all disbursements are paid timely to avoid late fees, have purchase orders maintained, supported by adequate documentation and signed by the Director.

**Effect of Condition:** These conditions resulted in noncompliance regarding the exemption of sales tax on purchases and 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 Authority adhere to the state statute regarding the exemption of sales tax in accordance with 68 O.S. § 1356 (1). Additionally, OSAI recommends the authority implement

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the policies and procedures over disbursements to ensure invoices are paid timely to avoid payment of late fees, all disbursements have purchase orders maintained, supported by adequate documentation, and signed by the Director.

**Management Response:**

**Chairman of the Board:** Disbursement policies will be reviewed/implemented to assure compliance with tax exemption on purchases, no late fees are assessed, supporting documentation for purchases, and employee scholarship program complies with OSAI recommendations. Additionally, we will ensure employee appreciation awards are kept without budget and policy limits.

**Criteria:** 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.

The GAO Standards – Principle 10 – Design of Control Activities at Various Levels – 10.03 states:

*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.

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

“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

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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 2021-004 – Lack of Internal Controls Over Fixed Assets Inventory Records**

**Condition:** Upon inquiry of Authority personnel and observation of records, the following weaknesses were noted:

- One (1) individual maintained the inventory records, marked the assets with inventory tags, and was responsible for an annual inventory to be performed.
- A periodic physical inspection of fixed assets inventory, during the fiscal year, could not be located.
- The fixed assets inventory list did not reflect the cost of the fixed assets.

**Cause of Condition:** Policies and procedures have not been designed and implemented to ensure the duties of maintaining fixed assets inventory is properly segregated. Additionally, policies and procedures have been designed but not implemented to ensure fixed assets inventory is properly accounted for, maintained, updated regularly and includes cost of the fixed assets.

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

**Recommendation:** OSAI recommends the Board be aware of these conditions and realize that a 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 Board implement policies and procedures to ensure documentation of a periodic physical verification of assets is performed, documented by the reviewer, approved by the Board, and retained. Furthermore, OSAI recommends the Board implement policies and procedures to ensure the fixed assets inventory list is accurately maintained and updated, including the cost of the fixed assets.

**Management Response:**

**Chairman of the Board:** Fixed Asset inventory policy will be implemented/reviewed to assure compliance with OSAI recommendations for maintenance of records and periodic inspection and cost and serial# being on fixed asset documents.

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**Criteria:** The GAO Standards Section 2 – Establishing an Effective Internal Control System - OV2.24 states:

*Safeguarding of Assets*

Management designs an internal control system to provide reasonable assurance regarding prevention or prompt detection and correction of unauthorized acquisition, use, or disposition of an entity's assets.

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

*Segregation of Duties*

Management establishes physical control to secure and safeguard vulnerable assets. Examples include security for and limited access to assets such as cash, securities, inventories, and equipment that might be vulnerable to risk of loss or unauthorized use. Management periodically counts and compares such assets to control records.

**Finding 2021-005 – Lack of Internal Controls and Noncompliance with the Public Competitive Bidding Act of 1974**

**Condition:** Based upon inquiry of Authority employees and observation of the competitive bidding process for the Authority, the following weakness was noted:

- The Authority did not obtain competitive quotes for maintenance and improvements totaling \$6,340 at the Broken Bow building.
- The Authority did not obtain competitive quotes for maintenance and improvements totaling \$10,295 at the Idabel building.

**Cause of Condition:** Policies and procedures have not been designed and implemented to ensure that disbursements for construction or improvements of public buildings or improvements to real property are competitively bid in compliance with the state statute.

**Effect of Condition:** These conditions resulted in noncompliance with the state statute regarding the competitive bidding requirements and could result in inaccurate records and incomplete information.

**Recommendation:** OSAI recommends the District design and implement policies and procedures to ensure that disbursements for construction or improvements of public buildings or improvements to real property are competitively bid in compliance with competitive bidding procedures outlined in 61 O.S. § 101 - 139.

**Management Response:**

**Chairman of the Board:** The competitive bid process for maintenance and improvements will be reviewed.

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**Criteria:** 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 61 O.S. § 103C states.

C. Except as provided in subsection E of this section, other construction contracts for the purpose of making any public improvements or constructing any public building or making repairs to the same for Fifty Thousand Dollars (\$50,000.00) or less shall be let and awarded to the lowest responsible bidder by receipt of written bids or awarded on the basis of competitive quotes to the lowest responsible qualified contractor. Work may be commenced in accordance with the purchasing policies of the public agency.

O·K·L·A·H·O·M·A  
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**Cindy Byrd, CPA | State Auditor & Inspector**

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