



MCCURTAIN COUNTY EMERGENCY MEDICAL SERVICE DISTRICT

Statutory Report

For the fiscal year ended June 30, 2019

Cindy Byrd, CPA
State Auditor & Inspector

**McCURTAIN COUNTY EMERGENCY MEDICAL SERVICE AUTHORITY
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

December 21, 2021

**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, 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". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

CINDY BYRD, CPA
OKLAHOMA STATE AUDITOR & INSPECTOR



**McCURTAIN COUNTY EMERGENCY MEDICAL SERVICE AUTHORITY
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

Presentation of Collections, Disbursements, and Cash Balances of Authority Funds for FY 2019

	<u>General Fund</u>
Beginning Cash Balance, July 1	\$ 2,974,475
Collections	
Ad Valorem Tax	724,132
Charges for Services	1,691,306
Miscellaneous	42,618
Total Collections	<u>2,458,056</u>
Disbursements	
Personal Services	1,605,882
Maintenance and Operations	477,904
Capital Outlay	196,660
Total Disbursements	<u>2,280,446</u>
Ending Cash Balance, June 30	<u>\$ 3,152,085</u>

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

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 Authority 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, 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 whether the Authority's collections, disbursements, and cash balances for the fiscal year ended June 30, 2019 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.

A handwritten signature in blue ink that reads "Cindy Byrd". The signature is written in a cursive, flowing style.

CINDY BYRD, CPA
OKLAHOMA STATE AUDITOR & INSPECTOR

November 10, 2021

**McCURTAIN COUNTY EMERGENCY MEDICAL SERVICE AUTHORITY
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SCHEDULE OF FINDINGS AND RESPONSES

Finding 2019-001 – Lack of Internal Controls Over the Billing Process (Repeat Finding)

Condition: Upon inquiry of the McCurtain County Emergency Medical Service Authority (the Authority) employees, observation of the billing process and a test of forty-five (45) patient accounts, the following weaknesses were noted:

- One (1) delinquent account that was written-off as uncollectable was not approved by the Board.
- In two (2) instances, patient accounts reflected overpayments that had not been refunded.
- In four (4) instances, patients were not billed for services rendered.

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

Effect of Condition: These conditions have resulted in loss of revenue from ambulance service runs, and could result in unrecorded transactions, misstated financial reports, undetected errors, and misappropriation of funds.

Recommendation: The Oklahoma State Auditor & Inspector's Office (OSAI) recommends the Authority Board design and implement policies and procedures to ensure written-off accounts are approved by the Board, overpayments on patient accounts are refunded timely, and all ambulance service runs are billed in accordance with the Authority's policies.

Management Response:

Chairman of the Board: Policies were implemented in fiscal year 2020-2021 to ensure the Board has approved account balances to write-off as uncollectable. The Board now approves the write-off of delinquent accounts older than twelve (12) months old, and refunds and billing processes have been designed and implemented by the Board.

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:

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

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cycle of a transaction or event from its initiation and authorization through its final classification in summary record. In addition, management designs control activities so that all transactions are completely and accurately recorded.

Finding 2019-006 – Lack of Internal Controls and Noncompliance Over the Accounting Process (Repeat Finding)

Condition: Upon inquiry of the Authority Administrator, observation of the accounting process and a test of the June 30, 2019 bank reconciliation, the following weaknesses were noted:

- Bank reconciliations were not signed and dated by the preparer.
- Bank reconciliations lack evidence of review and approval by someone other than the preparer.
- On June 30, 2019, the Authority’s bank accounts were undercollateralized in the amount \$35,480.90.

Cause of Condition: Policies and procedures have not been designed and implemented to ensure bank reconciliations are signed, reviewed and approved and Authority funds are adequately collateralized.

Effect of Condition: These conditions resulted in noncompliance with state statute and could result in unrecorded transactions, misstated financial reports, clerical errors, loss of funds, or misappropriation of funds not being detected in a timely manner.

Recommendation: OSAI recommends the Authority design and implement policies and procedures to ensure bank reconciliations are signed by the preparer and reviewed by the Board, and Authority funds are adequately collateralized in accordance with state statute.

Management Response:

Chairman of the Board: Bank reconciliations are now signed by the preparer and the reviewers. The Bank holding the securities has been informed of the shortage of adequate securities. Management is keeping a closer watch on the securities to cover our deposits.

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.

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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 62 O.S. § 517.4.A. states, “A treasurer of a public entity shall require that financial institutions deposit collateral securities or instruments to secure the deposits of the public entity in each such institution. The amount of collateral securities or instruments to be pledged for the security of public deposits shall be established by the treasurer of the public entity consistent with the provisions of the Security for Local Public Deposits Act; provided, such amount shall not be less than the amount of the deposit to be secured, less the amount insured.

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