



SUGAR CREEK AMBULANCE SERVICE DISTRICT

Statutory Report

For the fiscal years ended June 30, 2020

Cindy Byrd, CPA
State Auditor & Inspector

**SUGAR CREEK AMBULANCE SERVICE DISTRICT
STATUTORY REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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Cindy Byrd, CPA | State Auditor & Inspector

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January 21, 2021

**TO THE BOARD OF DIRECTORS OF THE
SUGAR CREEK AMBULANCE SERVICE DISTRICT**

Transmitted herewith is the audit report of Sugar Creek Ambulance Service District for the fiscal year ended June 30, 2020.

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



**SUGAR CREEK AMBULANCE SERVICE DISTRICT
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Presentation of Collections, Disbursements, and Cash Balances of District Funds for FY 2020

	<u>FY 2020</u>
Beginning Cash Balance, July 1	<u>\$ 440,497</u>
Collections	
Ad Valorem Tax	265,600
Caddo County Sales Tax Remitted	9,990
Sales Tax - Passed through Town of Hinton	98,195
Contract for Service with Town of Hinton	24,000
Miscellaneous	18,803
Total Collections	<u>416,588</u>
Disbursements	
Personal Services	600
Bookkeeping	1,500
Contract Provider Services:	
Medic West, LLC	246,756
Town of Carnegie	17,000
Maintenance and Operations	36,507
Total Disbursements	<u>302,363</u>
Ending Cash Balance, June 30	<u>\$ 554,722</u>

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SALES TAX

County Sales Tax of June 13, 2017

On June 13, 2017, Caddo County voters approved a continuation of a one-quarter of one percent (1/4%) sales tax, effective July 1, 2017 expiring June 30, 2022, for the sole purpose of acquiring, continuing, equipping, repairing, renovating, operating, maintaining, and advancing ground ambulance services. These funds are accounted for in the Ambulance Service Fund Sales Tax and the Ambulance Run Fund Sales Tax of Caddo County and are distributed through an agreement with each municipality within the County. In the case of Sugar Creek Emergency Medical Service District, the Town of Hinton distributes the county sales tax derived from the Ambulance Service Fund Sales Tax to the Ambulance District. The county sales tax deposited in the County's Ambulance Run Fund Sales Tax is based on the number of runs for the period.

For fiscal year 2020, the District received \$9,990 in county sales tax directly from Caddo County based on the number of runs for the period and \$98,194 in county sales tax from the distribution by agreement through the Town of Hinton.

Sugar Creek Ambulance Service District
P.O. Box A
Binger, OK 73009-0501

**TO THE BOARD OF DIRECTORS OF THE
SUGAR CREEK AMBULANCE 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 for the fiscal year ended June 30, 2020 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 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 June 30, 2020 were accurately presented on the estimate of needs.

All information included in the records of the District is the representation of the Sugar Creek Ambulance 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 Sugar Creek Ambulance 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 Sugar Creek Ambulance 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

January 6, 2021

**SUGAR CREEK AMBULANCE SERVICE DISTRICT
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SCHEDULE OF FINDINGS AND RESPONSES

Finding 2020-001 – Lack of Internal Controls and Noncompliance over the Open Meeting Act

Condition: Upon inquiry of the Sugar Creek Ambulance Service District (the District) Board Members and review of the Board minutes and agendas, the following weaknesses and instances of noncompliance with the Open Meeting Act were noted:

- A list of scheduled meetings of the District was sent to the Caddo County Clerk; however, the list of meetings for the calendar year (January 1, 2020 through December 31, 2020) was received by the Caddo County Clerk on June 11, 2020 rather than December 15, of the preceding year as authorized in the Open Meeting Act.
- The schedule received by the Caddo County Clerk's office reflects the meeting place for the July 8, 2019 meeting as Hinton Fire Station; however, the meeting was held at the Binger City Hall. Notice of the change was not filed with the County Clerk.
- The Board called special meetings during FY20; however, notice of the special meetings was not sent to the Caddo County Clerk in advance of the meetings.
- The time of the meeting was not stated on the agenda for the September 30, 2019 Board meeting.
- No official Board minutes were located for the February 25, 2020 Board meeting; however, handwritten notes reflect comments from the public during the open meeting.
- The Board meeting scheduled for April 13, 2020, was cancelled; however, no notice of the cancellation was posted for the public, and the Caddo County Clerk's office was not notified of the cancellation.
- The agenda for the May 19, 2020 special meeting called by the Board was handwritten and there was no file stamp from the County Clerk.

Cause of Condition: Policies and procedures have not been designed and implemented to provide adequate internal controls over the agendas posted for the public and documentation of District Board minutes in compliance with state statutes.

Effect of Condition: These conditions resulted in noncompliance with state statutes regarding the Open Meeting Act concerning the recording of Board meeting minutes and posting 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 agendas posted for the public are accurate and Board minutes are reviewed for accuracy and compliance with 25 O.S. § 311(A)(B)(1) and 25 O.S. § 312(A).

Board Response: The District Board will comply with the December 15 deadline. Any changes made to the agendas will be filed with the County Clerk. Special meeting agenda notices are now sent to the County Clerk. The February 25, 2020 meeting was a joint meeting with the Town of Hinton. The Board was informed by an attorney that they didn't have to record minutes because we used their agenda. Cancelled meetings will be reported to the County Clerk as cancelled.

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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:

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. § 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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Finding 2020-003 – Lack of Internal Controls and Noncompliance Over Pledged Collateral (Repeat Finding)

Condition: Based upon inquiry of the District’s contracted Secretary/Treasurer, observation, and review of documents regarding the pledged collateral process, the following was noted:

- The District did not provide evidence of adequately monitoring bank balances throughout the year to ensure that District funds were adequately secured.
- At June 30, 2020, the District’s deposits were not adequately secured in the amount of \$57,907.78 at one of the District’s depository financial institutions.

Cause of Condition Policies and procedures have not been designed and completely implemented to ensure that bank deposits are adequately secured with pledged collateral when deposits exceed the limit of FDIC coverage of \$250,000.00 at each financial institution.

Effect of Condition: This condition resulted in noncompliance with the state statute and unsecured District funds. Further, this condition could result in possible loss of funds.

Recommendation: OSAI recommends the District design and completely implement policies and procedures to ensure bank balances are adequately secured and ensure compliance with 62 O.S. § 517.4.

Board Response: New accounting procedures are now in place. A deposit was transferred to another bank account to ensure adequate pledged securities to cover deposits as soon as a meeting could be scheduled to correct the issue with funds being unsecured.

Criteria: The GAO Standards - Principle 16 – Performance Monitoring Activities: 16.05 states, in part:

Internal Control System Monitoring

Management performs ongoing monitoring of the design and operating effectiveness of the internal control system as part of the normal course of operations. Ongoing monitoring includes regular management and supervisory activities, comparisons, reconciliations and other routine actions.

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. Some entities may set objectives to a higher level of performance than established by laws and regulations. In setting those objectives, management is able to exercise discretion relative to the performance of the entity.

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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.

Finding 2020-004 – Lack of Internal Controls and Noncompliance Over Service Provider Contracts (Repeat Finding)

Condition: Upon inquiry of District Board members, observation of records, and a test of service provider contract compliance, the following weaknesses were noted.

Service Provider Contract with Medic West, LLC:

- The District Board retained the services of Medic West, LLC, during fiscal year July 1, 2019 through June 30, 2020. The service provider contract was signed by both parties on April 8, 2019 for the previous fiscal year of July 1, 2018 through June 30, 2019; however, a service provider contract for the fiscal year ended June 30, 2020 could not be documented, nor was it approved in the Board minutes for the fiscal year 2019-2020.
- Item 12a of the *prior fiscal year* service provider contract with Medic West LLC, stipulates; “*the Provider (Medic West, LLC) will be responsible for all maintenance and repairs;*” however, the District paid \$8,081.64 for maintenance and repairs of the ambulances during the fiscal year in noncompliance with the provision of the contract.

Service Provider Contract with Town of Carnegie:

- The District Board retained the services of the Town of Carnegie “*to be secondary contractor for emergency medical service calls that originate from the Oney/Albert, Crows Roost and Swan Lake Area*”.
- The District provided the auditor a contract that stated the date of service to begin the *1st day of July of 2013*. The two parties did not sign a contract for fiscal year 2019-2020, outlining the specific duties of the provider or other criteria regarding compensation.
- Item #4 of the *original* contract, states in part, “*The Town (of Carnegie) will submit a notice of the number of calls, their date and the time of the service on a monthly basis*”; however, the Town of Carnegie submitted one report to the District of the number of calls for each month during the fiscal year with no documentation of the date or time of service for each call. Additionally, invoices were not submitted on a monthly basis, resulting in noncompliance with the contract. The District paid the Town of Carnegie \$17,000.00 for the fiscal year.
- Item #6 of the *original* contract, states in part, “*The Town will provide motor vehicle insurance for the employees and furnish evidence of the same to the 522 District.*” The Town of Carnegie did not provide evidence of the insurance to the District.

Additionally, these two third-party service provider contracts did not contain a “non-appropriation clause” or a provision for mutual ratification of renewal.

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Further, the District’s Policies and Procedures states “*Contracts need to be renewed yearly*”.

Cause of Condition: The District did not adhere to its policies and procedures regarding renewing contracts yearly. Additionally, the District has not designed and implemented policies and procedures to ensure compliance with provisions of the contracts and contracts include a “non-appropriation clause” or a provision for mutual ratification of renewal of contracts to be renewed each fiscal year.

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 did result in noncompliance with the Oklahoma Constitution.

Recommendation: OSAI recommends the District develop policies and procedures to ensure the following internal controls over compliance with the service providers’ contracts:

- The Board votes to renew the service provider contracts as documented in the Board minutes.
- The Board enters service provider contracts each fiscal year and provide evidence of those signed documents.
- The Board complies with provisions of the contract requiring the expense of all maintenance and repairs to be borne by the Provider.
- The service provider contracts contain a non-appropriation clause or a provision for mutual ratification of renewal.

Board Response: The District Board and ambulance service provider were in negotiations on an updated contract. The new contract is now in force. The service provider’s (Medic West LLC) limit of responsibility is now \$2,500.00 for maintenance of ambulances and is stated in the new contract. We will update the contract as recommended. Correct documents will be requested from the Town of Carnegie. The District will request evidence of insurance from the Town of Carnegie.

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.

To comply with the provisions §26(a) of Article 10 of the Oklahoma Constitution, contracts need to contain a non-appropriation clause or a provision for mutual ratification of renewal as to not constitute debt.

O·K·L·A·H·O·M·A
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