



TILLMAN COUNTY EMERGENCY MEDICAL SERVICE DISTRICT

Statutory Report

For the fiscal year ended June 30, 2019

Cindy Byrd, CPA
State Auditor & Inspector

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

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Cindy Byrd, CPA | State Auditor & Inspector

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June 22, 2020

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

Transmitted herewith is the audit report of Tillman County 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". The signature is fluid and cursive.

CINDY BYRD, CPA
OKLAHOMA STATE AUDITOR & INSPECTOR



**TILLMAN COUNTY 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>
Beginning Cash Balance, July 1	\$ 195,794
Collections	
Ad Valorem Tax	96,799
Charges for Services	371,754
Miscellaneous	11,024
Intergovernmental Revenue	<u>72,295</u>
Total Collections	<u>551,872</u>
Disbursements	
Personal Services	305,504
Tillman County Revaluation	1,983
Maintenance and Operations	101,054
Contract Services - Grandfield	15,225
Capital Outlay	80,010
Audit Expense	<u>4,627</u>
Total Disbursements	<u>508,403</u>
Ending Cash Balance, June 30	<u>\$ 239,263</u>

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

Tillman County Emergency Medical Service District
300 Lucille Avenue
Frederick, Oklahoma 73542

**TO THE BOARD OF DIRECTORS OF THE
TILLMAN 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 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 Tillman 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 Tillman 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 Tillman 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

March 27, 2020

**TILLMAN COUNTY EMERGENCY MEDICAL SERVICE DISTRICT
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SCHEDULE OF FINDINGS AND RESPONSES

Finding 2019-001 - Internal Controls Over the Patient Billing and Collection Process (Repeat Finding)

Condition: Upon inquiry and observation of the Tillman County Emergency Medical Service District (the District) patient billing and collection process, it was noted that although the Board and staff have implemented some mitigating controls over the review and approval of bank statement reconciliations and monthly financial information, some duties were not adequately segregated. The office manager performed the following duties:

- Input patient account information for the ambulance service runs in the system,
- Performed the billing process for patient accounts,
- Opened the mail,
- Issued receipts for patient account payments,
- Posted insurance and personal payments to patient accounts, and
- Prepared the Board packets of the patient account collections, receivables, and amounts to be written off as uncollectable for the Board meetings.

Cause of Condition: Policies and procedures have not been completely designed and implemented regarding segregating the duties over some aspects of the billing and collection process.

Effect of Condition: A single employee having responsibility for more than one area of recording, authorization, custody of assets, and execution of transactions 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 that the District 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 District oversight of office operations and a periodic review of operations. OSAI recommends that the District provide segregation of duties so that no one employee is able to perform all accounting functions. In the event that 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. Compensating controls would include separating key processes and/or critical functions of the office as evidenced by review and approval of the billing and collection documents by someone other than the preparer.

Management Response:

Chairman: The Board has reviewed and approved policies and procedures to segregate the duties of the patient billing and the collection process as of the Board meeting on April 7, 2020. The office manager and office assistant will provide evidence of review of billing ambulance runs and posting of the payments made to the accounts. The office manager and office assistant will provide review of the deposit and provide compensating controls over reviewing receipts and deposit for the collection process. The Director will

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provide evidence of the review of deposits and the billing summaries and the Board will further document the review and approval of the third-party patient billing service reports and accounts receivable summaries and collections as evidenced in the Board minutes and documents presented for the Board's review and approval.

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 the publication (GAO Standards) addresses controls in the federal government, this criterion can be treated as best practices and may be applied as 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.

The GAO Standards – Principle 10 – Design Control Activities - 10.12 through 10.14 states:

Segregation of Duties

10.12 – Management considers segregation of duties in designing control activity responsibilities so that incompatible duties are segregated and, where such segregation is not practical, designs alternative control activities to address the risk.

10.13 – Segregation of duties helps prevent fraud, waste, and abuse in the internal control system. Management considers the need to separate control activities related to authority, custody, and accounting of operations to achieve adequate segregation of duties. Segregation of duties can address the risk of management override. Management override circumvents existing control activities and increases fraud risk. Management addresses this risk of collusion, where two (2) or more employees act together to commit fraud.

10.14 – If segregation of duties is not practical within an operational process because of limited personnel or other factors, management designs alternative control activities to address the risk of fraud, waste, or abuse in the operational process.

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