



VICI-CAMARGO EMERGENCY SERVICE DISTRICT

Statutory Report

For the fiscal year ended June 30, 2019

Cindy Byrd, CPA
State Auditor & Inspector

**VICI-CAMARGO 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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January 11, 2021

**TO THE BOARD OF DIRECTORS OF THE
VICI-CAMARGO EMERGENCY MEDICAL SERVICE DISTRICT**

Transmitted herewith is the audit report of Vici-Camargo 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".

CINDY BYRD, CPA
OKLAHOMA STATE AUDITOR & INSPECTOR



**VICI-CAMARGO EMERGENCY MEDICAL SERVICE DISTRICT
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Presentation of Collections, Disbursements, and Cash Balances of District Funds for FY 2019

	<u>General</u>	<u>Sales Tax Revolving Fund</u>
Beginning Cash Balance, July 1	\$ 147,613	\$ 130,536
Collections		
Ad Valorem Tax	57,304	-
Sales Tax Reimbursement	44,038	-
Sales Tax Apportioned	-	87,182
Charges for Services	65,802	-
Miscellaneous	4,380	367
Total Collections	<u>171,524</u>	<u>87,549</u>
Disbursements		
Personal Services	72,162	-
Travel	-	-
Maintenance and Operations	47,526	-
Capital Outlay	44,083	-
Sales Tax Allocation		44,038
Audit Expense	-	-
Total Disbursements	<u>163,771</u>	<u>44,038</u>
Ending Cash Balance, June 30	<u>\$ 155,366</u>	<u>\$ 174,047</u>

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

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SALES TAX

Dewey County voters passed a three-quarters (.75) of one (1) cent sales tax on April 1, 2014. The sales tax is restricted to the following areas:

- County Roads and Bridges
- County Fire Protection
- Emergency Medical Services
- Public Safety Projects

The Vici-Camargo Emergency Medical Service District (the District) receives county sales tax that is passed through the Dewey County Public Facilities Authority (DCPFA) from Dewey County per the sales tax ballot. The District has a designated bank account for the funds received. Funds are used for the improvement and operation of the District.

The District submits a claim for reimbursement detailing the item(s) the District would like to purchase using the county sales tax funds to the DCPFA. The DCPFA Board votes to approve or deny the request for funds from the District. If the request is approved, the DCPFA Board Treasurer requests that the bank issue a check to the District for the approved amount.

The District expended \$44,038 in sales tax received from the DCPFA Board during the fiscal year ending June 30, 2019 for capital outlay purchases.

Vici-Camargo Emergency Medical Service District
P.O. Box 239
Vici, Oklahoma 73859

**TO THE BOARD OF DIRECTORS OF THE
VICI-CAMARGO 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 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 District'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 District is the representation of the Vici-Camargo 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 Vici-Camargo 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 Vici-Camargo 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

September 23, 2020

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SCHEDULE OF FINDINGS AND RESPONSES

Finding 2019-001 – Internal Controls Over the Collections and Billing Process (Repeat Finding)

Condition: Based upon inquiry of the Vici-Camargo Emergency Medical Service District (the District) employees and observation of the collection process, the following internal control weaknesses in the segregation of duties were noted:

- Receiving mail,
- Opening mail,
- Posting transactions,
- Preparing the deposit, and
- Taking the deposit to the bank.

Additionally, a bank statement reconciliation of all accounts was not performed, and receipts were not issued for collections.

Further, upon numerous requests for patient billing records, the District Director was not able to produce billing records for patients' ambulance runs made during the fiscal year. Therefore, we were unable to determine if the billing process and the amount collected for patient accounts was accurate or complete.

Patient account billing records were not made available; therefore, we were unable to determine the following:

- The ambulance run number could not be traced to the billing records.
- The fee charged could not be verified to the Board approved fee schedule.
- The amount paid on patient accounts could not be verified to a receipt number from billing records.
- The amount received for accounts receivable could not be verified to the deposit on the bank statement.
- A second billing and/or a list of delinquent patient accounts could not be verified as sent to the collection agency.
- An amount written off as uncollectable could not be verified as authorized by the Board in the Board minutes.

Cause of Condition: Policies and procedures have not been designed and implemented to completely segregate the receipting process and ensure a monthly bank statement reconciliation is performed for all bank accounts and receipts are issued for collections. Further, policies and procedures have not been designed and implemented to ensure the amount billed for ambulance runs is accurate and complete.

Effect of Condition: A single person 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, clerical errors, or misappropriation of funds not being detected in a timely manner. This condition could result in the District having inaccurate records, incomplete information,

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misappropriation of assets, and/or the loss of revenue. Further, the absence of records to determine if ambulance runs were properly billed, bank reconciliations performed, and receipts issued for collections resulted in misstated financial reports, and clerical errors, and could result in misappropriation of funds not being detected in a timely manner.

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 management's oversight of office operations and a periodic review of operations. OSAI recommends management provide segregation of duties so that no one employee can perform all accounting functions and the billing process is documented and records are available for the Board's review and approval. 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. Compensating controls would include separating key processes and/or critical functions of the office and having management review and approve accounting functions. In addition, OSAI recommends the District design and implement policies and procedures to ensure a bank statement reconciliation is performed for each bank account on a monthly basis and evidence of the Board's review and approval is provided, receipts are issued for collections, and documentation of ambulance runs billed for collections is maintained and safeguarded from loss.

Management Response:

Chairman of the Board: We are in the process of contracting with a CPA to segregate the duties listed above. We are currently working on the contract with this provider and expect to be fully implemented by November 10, 2020.

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.

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

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operating manuals, in either paper or electronic form. Documentation and records are properly managed and maintained.

Finding 2019-002 – Internal Controls Over Fixed Assets Inventory (Repeat Finding)

Condition: Upon inquiry of District staff, observation, and review of the of the District’s fixed assets inventory records, the following weaknesses were noted:

- The District has not established a dollar threshold for the inventory of fixed assets.
- Fixed assets inventory items were not always identified by serial number.
- The physical inspection of fixed assets inventory did not contain evidence of who performed the physical inspection or the date the inspection was performed.

Additionally, a test of twelve (12) fixed assets reflected two (2) resuscitation systems purchased in August of 2018, were not listed on the District’s fixed assets inventory records as of the date of fieldwork.

Cause of Condition: Policies and procedures have not been designed and implemented to ensure fixed assets inventory is properly accounted for, identified, maintained, and updated regularly by the District.

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

Recommendation: OSAI recommends the District implement policies and procedures to establish a dollar threshold to record fixed assets and accurately maintain fixed assets inventory records. Additionally, an annual physical verification of fixed assets should be performed and documented. Further, newly purchased equipment should be included on the fixed assets inventory list at the time the purchase is made.

Management Response:

Chairman of the Board: We have updated our policy regarding fixed assets inventory controls and established a threshold for fixed assets of \$2,500.00 for tracking and reporting purposes. A report with serial numbers, description, and cost will be reviewed annually by the Board of Directors.

Criteria: The GAO Standards -Section 2 - Objects of an Entity - OV2.24 states:

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.

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