



WOODWARD COUNTY EMERGENCY MEDICAL SERVICE DISTRICT

Statutory Report

For the fiscal year ended June 30, 2021

Cindy Byrd, CPA
State Auditor & Inspector

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

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Cindy Byrd, CPA | State Auditor & Inspector

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March 21, 2022

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

Transmitted herewith is the audit report of Woodward County Emergency Medical Service District 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



**WOODWARD COUNTY EMERGENCY MEDICAL SERVICE DISTRICT
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Presentation of Collections, Disbursements, and Cash Balances of District Funds for FY 2021

	General Fund
Beginning Cash Balance, July 1	\$ 1,500,631
Collections	
Ad Valorem Tax	928,060
Charges for Services	1,019,386
Miscellaneous	3,558
OKAMA	38,852
Total Collections	1,989,856
Disbursements	
Personal Services	1,377,358
Travel	35,650
Maintenance and Operations	376,363
Capital Outlay	43,795
Audit Expense	21,408
Total Disbursements	1,854,574
Ending Cash Balance, June 30	\$ 1,635,913

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

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Coronavirus Aid, Relief, and Economic Security (CARES) Act-OKAMA

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 \$38,852 for the fiscal year.

Woodward County Emergency Medical Service District
P.O. Box 771
Woodward, Oklahoma 73802

**TO THE BOARD OF DIRECTORS OF THE
WOODWARD 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 ended June 30, 2021 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, 2021 were accurately presented on the estimate of needs.

All information included in the records of the District is the representation of the Woodward 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 Woodward 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 Woodward County Emergency Medical Service District. 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

December 20, 2021

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

Finding 2021-001 – Lack of Internal Controls Over District Financial Statements and the Estimate of Needs (Repeat Finding)

Condition: Upon observation of the Woodward County Emergency Medical Service District (the District) Financial Statements and Estimate of Needs, it was noted that the Paycheck Protection Program (PPP Loan) secured in fiscal year 2020 in the amount of \$221,723 which represents 15% of the beginning cash balance was not reported in in the District financial statements or Estimate of Needs.

Cause of Condition: Policies and procedures have not been designed and implemented to ensure that the District reports accurate financial information in the financial statements and Estimate of Needs.

Effect of Condition: These conditions resulted in unrecorded transactions and misstated financial reports. Further, these conditions could result in undetected errors or misappropriation of funds.

Recommendation: The Oklahoma State Auditor and Inspector’s Office (OSAI) recommends that the District design and implement a system of internal controls to provide reasonable assurance that collections, disbursements and ending balances are accurately presented and recorded on the District Financial Statement and Estimate of Needs and reconciled to the District’s bank statements.

Management Response:

Chairman of the Board: The Administration will work more closely with the CPA firm that prepares our Estimate of Needs to ensure all financial information is provided to them for the preparation of the financial statements.

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:

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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Establishment and review of performance measures and indicators

Management establishes activities to monitor performance measures and indicators. These may include comparisons and assessments relating different sets of data to one another so that analyses of the relationships can be made, and appropriate actions taken. Management designs controls aimed at validating the propriety and integrity of both entity and individual performance measures and indicators.

Finding 2021-002 – Lack of Internal Controls Over the Disbursement Process and Noncompliance Over the Competitive Bidding Process and (Repeat Finding)

Condition: Upon inquiry of the District employees, observation of disbursement records, a test of forty-five (45) disbursements, and a review of expenditures, the following weaknesses were noted:

- Twelve (12) expenditures totaling \$7,708 did not have evidence of review or a receiving report.
- Four (4) expenditures totaling \$33,541 did not have all supporting documentation attached to the purchase order.
- One (1) invoice for \$284 was paid twice.
- One (1) purchase order was created and approved for \$12,295; however, the vendor was paid \$12,286.

Additionally, the following exception was noted in the review of equipment purchases requiring the competitive bidding process:

- One (1) bid did not have documentation that sealed bids were presented to the Board or that bids were time and date stamped when received for an emergency vehicle purchased at an amount of \$29,000.

Cause of Condition: Policies and procedures have not been designed and implemented to ensure all purchases are supported with adequate documentation, verification of goods and/or services received, and that all invoices are accurately paid. Additionally, policies and procedures have not been completely designed and implemented to properly document equipment purchases that require the competitive bidding process.

Effect of Condition: The condition of lack of documentation of the competitive bidding process resulted in noncompliance with state statute. Additionally, these conditions 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 Board design and implement policies and procedures to ensure all purchases are supported with adequate documentation, verification of goods and/or services received is documented, and evidence of the Board's review and approval of disbursements documented prior to payment. Further, OSAI recommends the Board document the competitive bidding process for equipment in accordance with state statute. Further, OSAI recommends the Board develop policies and procedures to

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maintain documentation of competitive bid information and adhere to Title 19 O.S. § 1723, which requires the District to follow the County competitive bidding process.

Management Response:

Chairman of the Board: The Administrator will reiterate the policies and procedures to ensure all purchased are supported with adequate documentation, verification of good and/or services received, and evidence of Board review and approval of disbursements prior to payment.

Auditor Response: While the Board did address most aspects of this finding, the Board did not address the competitive bidding process for equipment in accordance with Board policies and state statute. OSAI continues to recommend policies and procedures be implemented to maintain documentation of competitive bid information and adhere to Title 19 O.S. § 1723, which requires the District to follow the County competitive bidding process.

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 19 O.S. § 1723 states, “Purchases by any board of trustees of any emergency medical service district shall be made in accordance with the bidding requirements as provided in Sections 1501 and 1505 of this title.”

GAO Standards – Principle 10 – Design Control Activities – 10.03 states in part:

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

Finding 2021-004 – Lack of Internal Controls Over the Accounting Process (Repeat Finding)

Condition: Upon inquiry of District employees and observation of the accounting process of the District, the following weaknesses were noted:

- The Board did not receive or review monthly financial statements, monthly bank reconciliations, or monthly bank statements.

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- Bank reconciliations were not signed and dated by the preparer.
- Bank reconciliations were not reviewed, signed and dated by someone other than the preparer.

Cause of Condition: Policies and procedures have not been designed and implemented to require bank reconciliations to be signed and dated by the preparer, reviewed by someone other than the preparer and for financial information to be reviewed by the Board monthly.

Effect of Condition: The lack of segregation of duties over the accounting process 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 District design and implement policies and procedures to ensure bank reconciliations are signed and dated by the preparer and reviewed, signed and dated by someone other than the preparer. Additionally, OSAI recommends the Board review District financial information monthly.

Management Response:

Chairman of the Board: The District’s monthly financial statements, bank reconciliations and bank statements are currently being discussed on a quarterly basis at Board meetings, as it states in the policies and procedures. Administration will begin reviewing all financial information monthly. The preparer and the Board will also sign and date the documents monthly, as they review the financial information.

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.

Finding 2021-005 – Lack of Internal Controls Over Fixed Assets Inventory (Repeat Finding)

Condition: Upon inquiry of the District employees and review of fixed assets documentation, and a test of ten (10) fixed assets and six (6) ambulances, the following weaknesses were noted in the fixed assets inventory verification:

- There was no documentation of the District’s annual fixed assets inventory verification. .
- The fixed assets inventory list did not document the model, Vehicle Identification Number (VIN), and cost of one (1) ambulance as required by the District’s policy.
- Two (2) items did not have a serial number listed on the fixed assets inventory.
- One (1) item on the fixed assets inventory could not be located.

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Cause of Condition: The Board has not designed and implemented policies and procedures to update the list of fixed assets and to perform and document the annual review of those fixed assets.

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 Board design and implement policies and procedures to ensure the District fixed assets inventory is reviewed annually, and that documentation is verified and retained for Board review and approval.

Management Response:

Chairman of the Board: Policies and procedures will document the dollar threshold to record fixed assets on the inventory and fixed assets inventory will be accurately maintained and verified annually and reviewed and approved by the Board. The Administration will document the verification of inventory and improve on listing the VIN/Serial Numbers of each of our fixed asset items and its current location.

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

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