

STATUTORY REPORT

WOODWARD COUNTY EMERGENCY MEDICAL SERVICE DISTRICT

For the fiscal year ended June 30, 2016



*Independently serving the citizens of
Oklahoma by promoting the
accountability and fiscal integrity of
governmental funds.*



Oklahoma State
Auditor & Inspector
Gary A. Jones, CPA, CFE

**WOODWARD COUNTY EMERGENCY MEDICAL SERVICE DISTRICT
STATUTORY REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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Oklahoma State Auditor & Inspector

2300 N. Lincoln Blvd. • State Capitol, Room 100 • Oklahoma City, OK 73105 • Phone: 405.521.3495 • Fax: 405.521.3426

October 18, 2017

**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, 2016.

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 "Gary A. Jones". The signature is written in a cursive, flowing style.

GARY A. JONES, CPA, CFE
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 2016

	<u>FY 2016</u>
Beginning Cash Balance, July 1	\$ <u>662,144</u>
Collections	
Ad Valorem Tax	743,908
Charges for Services	858,400
Miscellaneous	<u>151,157</u>
Total Collections	<u>1,753,465</u>
Disbursements	
Personal Services	1,088,564
Travel	20,114
Maintenance and Operations	396,685
Capital Outlay	36,416
Audit Expense	18,189
Building Fund	<u>1,460</u>
Total Disbursements	<u>1,561,428</u>
Ending Cash Balance, June 30	<u>\$ 854,181</u>

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



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Woodward County Emergency Medical Service District
1510 Downs Ave.
Woodward, Oklahoma 73801

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 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 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.
- 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 FY 2016 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 "Gary A. Jones". The signature is written in a cursive style with a long horizontal stroke at the end.

GARY A. JONES, CPA, CFE
OKLAHOMA STATE AUDITOR & INSPECTOR

August 21, 2017

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

Finding 2016-1 – Inadequate Internal Controls and Noncompliance Over Audit Expense Budget Account

Condition: Upon observation and recalculation of the audit expense budget account on the Estimate of Needs (EON) The Woodward County Emergency Medical Service District (the District) did not accurately appropriate the mandatory one-tenth mill to the audit expense budget account.

- The Estimate of Needs did not reflect an amount appropriated for the audit expense budget account.
 - The current year appropriations of the audit expense budget account should have been calculated as \$27,864.49. The total amount appropriated for the audit expense budget account including the amount carried forward should have been \$175,423.27; however, \$169,369.29 was recorded on the EON.

Cause of Condition: Policies and procedures have not been designed and implemented to ensure the Estimate of Needs was prepared in accordance with 19 O.S § 1706.1.

Effect of Condition: This condition resulted in noncompliance with the state statute and the underfunding of the audit expense budget account in the amount of \$6,053.98.

Recommendation: The Oklahoma State Auditor and Inspector’s Office (OSAI) recommends that the District implement policies and procedures designed to ensure that one-tenth mill upon the net total assessed valuation be set aside in the audit expense budget account, and that any unused portion be carried forward into the next year’s audit expense budget account in accordance with 19 O.S § 1706.1.

Management Response:

Chairman of the Board: Management will work more closely with the accountant to assure the correct amounts are place in the audit account.

Criteria: Title 19 O.S. § 1706.1 states in part, “The net proceeds of the one-tenth mill annual ad valorem levy upon the net total assessed valuation in any emergency medical service district for any year which shall be authorized and mandatorily required to be appropriated and dedicated to emergency medical service district audit

Finding 2016-2 – Inadequate Internal Controls and Noncompliance Over Board Meeting Documentation

Condition: Upon inquiry of the District Administrator and review of the District’s Board meeting agendas and minutes, the following weaknesses were noted:

- February 22, 2016 Board minutes were not signed as approved by the Board members.

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- Additionally, we noted agendas and minutes were not maintained in an orderly and secure manner and agendas did not specify items to be discussed at the monthly Board meeting.

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

Effect of Condition: These conditions resulted in noncompliance with the state statute regarding the Open Meeting Act concerning the approval and retention of Board meeting minutes. Failure to provide adequate internal controls over documentation and approval of District Board minutes and safeguarding of agendas could result in inaccurate records.

Recommendation: OSAI recommends the District Board meeting minutes be reviewed for accuracy and signed as verification of this review, and agendas and minutes be maintained in a safe and secure location.

Management Response:

Chairman of the Board: Management has designated a file folder for OSAI to include hard copies of Board agendas and minutes to ensure no compute/server failure will affect required documents. Additionally, management will work toward 100% compliance of signed Board minutes.

Criteria: Accountability and stewardship are overall goals of management in the accounting of funds. A component objective of an effective control system is to provide accurate and reliable information through proper documentation and safeguarding of the Board Minutes and Board Agendas.

Per the Open Meeting 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.”

Finding 2016-3 – Inadequate Internal Controls Over the Collection of Delinquent Patient Accounts

Condition: Based upon inquiry of District staff and observation of accounting for ambulance run billing and collections, our test of forty (40) ambulance runs resulted in the following exceptions regarding the collection of delinquent patient accounts:

- Four (4) of the ambulance runs did not have documentation of second billing being sent to the patient or the account being submitted to the contracted collection agency in accordance with the Board’s policy.

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Cause of Condition: Policies and procedures have not been designed and implemented to ensure patient accounts with delinquent balances are periodically reviewed for possible further action to collect the funds due to the District for ambulance services.

Effect of Condition: This condition could result in unrecorded transactions, misstated financial reports, clerical errors, or misappropriation of funds not being detected in a timely manner.

Recommendation: OSAI recommends that delinquent patient accounts be reviewed periodically by the Board to determine additional action regarding account settlement.

Management Response:

Chairman of the Board: Management has added audit steps to the billing process and believes that the return to in-house billing of accounts along with the new software will correct these oversights.

Criteria: Accountability and stewardship are overall goals of management in the accounting of funds. Internal controls over safeguarding of assets constitute a process, affected by an entity's governing body, management, and other personnel, designed to provide reasonable assurance regarding prevention or timely detection of unauthorized transactions and safeguarding assets from misappropriation. A component of effective internal control system is to provide accurate and reliable information in a timely manner regarding the collection of patient accounts.

Finding 2016 - 4 – Inadequate Internal Controls Over the Disbursements Process (Repeat Finding)

Condition: While gaining an understanding of the disbursement process, and a test of forty (40) purchase orders indicated the following weaknesses:

- Twenty (20) instances did not have evidence of verification of receipt of goods or services.

Cause of Condition: The District has not designed and implemented policies and procedures to ensure all claims are filed with sufficient supporting documentation of verification of receipt of goods and or services.

Effect of Condition: This condition could result in unrecorded transactions, misstated financial reports, clerical errors, or misappropriation of funds not being detected in a timely manner.

Recommendation: The Oklahoma State Auditor and Inspector's Office (OSAI) recommends the District implement a system of internal controls to ensure that all disbursements have proper supporting documentation of receipt of goods or services.

Management Response:

Chairman of the Board: Management will make every effort to assure that receipt of goods and or services are initialed and dated.

Criteria: Accountability and stewardship are overall goals of management in the accounting of funds. Effective internal controls are essential to provide reasonable assurance about the achievement of the

**WOODWARD COUNTY EMERGENCY MEDICAL SERVICE DISTRICT
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entity's objectives with regard to the reliability of financial reporting. In addition, key factors in this system are having supporting documentation maintained as evidence of goods and services being received.

Finding 2016-5 – Inadequate Internal Controls Over the Payroll and Leave Process (Repeat Finding)

Condition: Based upon inquiry of District staff, observation of the payroll and leave process and the last available vacation policy, and a test of one (1) month of payroll disbursements for 25 employees, the following internal control weaknesses were noted:

- Five (5) instances were noted where an employee did not sign his or her timesheet.
- Eight (8) instances were noted where timesheets lacked evidence of supervisory review.
- Two (2) instances were noted where employees did not submit timesheets for the period reviewed.
- One (1) instance was noted where an employee did not accrue sick leave during the 1st year of full time employment as stated in the District Employee Handbook.
- Two (2) instances were noted where an employee accrued sick leave balance more than the maximum amount allowed as stated in the District Employee Handbook.
- One (1) instance was noted where an employee used 12 hours more than their accrued sick leave balance.
- Two (2) instances were noted where an employee accrued sick leave monthly more than the allowable amount as stated in the Districts Employee Handbook.
- One employee does not prepare a timesheet.

Additionally, we noted a current vacation leave policy was not included in the current Employee Handbook.

Cause of Condition: Policies and procedures have not been designed and implemented to ensure both employees and supervisors verify the accuracy of timesheets and to ensure all employees complete a timesheet to document evidence to support payroll disbursements. Additionally, all vacation leave policies were not included in the current Employee Handbook.

Effect of Condition: These conditions could result in inaccurate recordkeeping and incorrect payroll disbursements and did result in inaccurate sick leave accrual.

Recommendation: OSAI recommends the District ensure all employees prepare a timesheet, and that each timesheet has evidence of an employee signature and approval of the supervisor for accuracy and completeness. Additionally, the Employee Handbook should include a vacation leave policy as approved by the Board. Further, OSAI recommends sick leave be accrued at rates in compliance with the sick leave policy as approved by the Board.

Management Response:

Chairman of the Board: Management will work to ensure the submission and signatures of timesheets for all employees. Additionally, management will work to ensure the sick leave policy is correctly enforced. Further, the Employee Handbook will be updated to include the vacation leave policy.

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Criteria: Accountability and stewardship are overall goals of management in the accounting of funds. Effective internal controls include key functions within a process to be monitored to allow for prevention and detection of errors and abuse. Internal controls should be designed to analyze and check accuracy, completeness, and authorization of disbursements and/or transactions, including documentation of signed and approved timesheets for all employees. Additionally, a policy regarding vacation leave should be included in the Employee Handbook.

Further, The Employee Handbook states in part,

“12 hours of paid sick time will be accumulated per 1 month of full-time hours worked for EMT’s on shift work. 8 hours of paid sick time will be accumulated for office and dispatch employees... Sick hours can be accumulated up to a maximum of 664 hours for employees hired prior to April 1, 2013. Sick hours can be accumulated up to a maximum of 240 hours for employees hired April 1, 2013 or after.”



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