

CHOCTAW COUNTY AMBULANCE AUTHORITY

JULY 1, 2005 THROUGH
JUNE 30, 2007

AGREED-UPON PROCEDURES REPORT



Oklahoma State Auditor
& Inspector

**CHOCTAW COUNTY AMBULANCE AUTHORITY
AGREED-UPON PROCEDURES REPORT
FOR THE PERIOD JULY 1, 2005 THROUGH JUNE 30, 2007**

This publication is printed and issued by the State Auditor and Inspector as authorized by Article 10, § 9C (i) of the Oklahoma Constitution and as defined by 19 O.S. § 1704.3. Pursuant to 74 O.S. § 3105.B, ten copies have been prepared and distributed at a cost of \$23.51. Copies have been deposited with the Publications Clearinghouse of the Oklahoma Department of Libraries.



STATE OF OKLAHOMA
OFFICE OF THE AUDITOR AND INSPECTOR

Steve Burrage, CPA
State Auditor and Inspector

September 23, 2008

TO THE BOARD OF TRUSTEES OF THE
CHOCTAW COUNTY AMBULANCE AUTHORITY

Transmitted herewith is the agreed-upon procedures report for the Choctaw County Ambulance Authority for the period July 1, 2005 through June 30, 2007. The Office of the State Auditor and Inspector is committed to serving the public interest by providing independent oversight and by issuing reports that serve as a management tool to the State. Our goal is to ensure a government that is accountable to the people of the State of Oklahoma.

We wish to take this opportunity to express our appreciation for the assistance and cooperation extended to our office during the course of our engagement.

Sincerely,

A handwritten signature in blue ink that reads "Steve Burrage".

STEVE BURRAGE, CPA
STATE AUDITOR & INSPECTOR

A handwritten signature in blue ink that reads "Michelle R. Day".

MICHELLE R. DAY, ESQ.
DEPUTY STATE AUDITOR & INSPECTOR

**CHOCTAW COUNTY AMBULANCE AUTHORITY
FOR THE PERIOD JULY 1, 2005 THROUGH JUNE 30, 2007**

INTRODUCTION

Article 10, § 9C of the Oklahoma Constitution authorized the formation of emergency medical service districts and authorized a tax levy not to exceed 3 mills for the purpose of providing funds to support, organize, operate, and maintain district ambulance services. District voters approved the formation of the district and a 3 mills levy to support the operation of the district. The Choctaw County Ambulance Authority is comprised of Choctaw County and was created to provide ambulance service to all citizens.

Emergency medical service districts are governed by a board of trustees. The board of trustees (the board) has the power to hire a manager and other personnel, contract, organize, maintain, or otherwise operate the emergency medical service district. The trustees must act as a board when entering into contracts or other agreements affecting the district's welfare. Thus, actions taken by the board are voted on and approved by a majority of the trustees. The board of trustees' business meetings are open to the public. The board shall have the capacity to sue and be sued but shall enjoy immunity from civil suits for actions or omissions arising from the operation of the district. Such districts have the authority to charge fees for services, and accept gifts, funds, or grants.

CHOCTAW COUNTY AMBULANCE AUTHORITY

JUNE 30, 2007

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STATE OF OKLAHOMA
OFFICE OF THE AUDITOR AND INSPECTOR

Steve Burrage, CPA
State Auditor and Inspector

**INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES**

TO THE BOARD OF TRUSTEES OF THE
CHOCTAW COUNTY AMBULANCE AUTHORITY

We have performed the procedures enumerated below, which were agreed to by management of the Choctaw County Ambulance Authority (the Authority), solely to assist you in evaluating the receipt and disbursement process, the safeguarding of capital assets, and in determining whether selected receipts and disbursements are supported by underlying records for the period(s) July 1, 2005 through June 30, 2007. This agreed-upon procedures engagement was conducted in accordance with standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States of America. The sufficiency of these procedures is solely the responsibility of the specified parties in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

1. We observed whether receipting, depositing, and reconciling functions are performed by separate employees.

Finding: Functions are not being performed by separate employees. The limited number of office personnel prevents a proper segregation of accounting functions, which is necessary to ensure adequate internal control structure over receipting, depositing, and reconciling functions.

Recommendation: We recommend management be aware of this condition and realize the concentration of duties and responsibilities in a limited number of individuals is not desirable from a control point of view. Under these conditions, the most effective controls lie in management's knowledge of office operations and periodic review of operations.

Views of responsible officials and planned corrective actions: We concur with the State Auditor's findings. Management does have knowledge of office operations and will perform a periodic review of these operations.

2. We randomly selected 10 runs from the dispatch log book and:
 - Traced to the run sheet.
 - Agreed fee charged to fee schedule.
 - Traced run to billing records.
 - Traced receipt number from billing records to receipt.
 - Traced receipt to deposit slip.
 - Agreed cash/check composition of deposits to the receipts issued.
 - Examined receipts to observe whether they are pre-numbered and issued in numerical order.
 - Agreed date of receipts to date of deposit slip.
For any voided receipts, observed the original receipt.
 - Observed second billing and or list sent to collection agency if no payment was received.
 - Observed Authority Board authorization in the Board minutes if the amount was written off.

Finding: The following was noted:

- Some receipts were not issued in numerical order by the date money was received.
- For two runs tested, the patient was not billed a second time.

Recommendation: We recommend that more emphasis be placed on the issuing of receipts and the billing of patients.

Views of responsible officials and planned corrective actions: We concur with the State Auditor's findings. We will place more emphasis on the receipting and billing processes.

With respect to the other procedures applied, there were no findings.

3. We agreed all bank reconciliations performed during the year to the financial records.

There were no findings as a result of applying the procedure.

4. We confirmed with financial institutions all cash and cash equivalent balances and investment balances as of June 30.

There were no findings as a result of applying the procedure.

5. We compared the Authority's cash/cash equivalents in each financial institution to the fair market value of each financial institution's pledged collateral at June 30.

Finding: The Authority was underpledged by \$219,131.97 at June 30, 2006, and \$234,407.50 at June 30, 2007, at BancFirst in Hugo.

Criteria: Title 62 O.S. § 511 states, “Any custodian of public funds of any kind or character, required by law to secure proper collateral before depositing public funds in a bank or trust company, shall hereafter, in depositing public funds in a bank or trust company whose deposits are insured by the Federal Deposit Insurance Corporation, be required to secure proper collateral only for sums deposited in excess of the amount of deposit insured by such Federal Deposit Insurance Corporation.”

Recommendation: We recommend that the Authority require financial institutions to deposit collateral securities to secure public deposits in excess of deposit insurance.

Views of responsible officials and planned corrective actions: We concur with the State Auditor’s findings. We are taking measures to comply with the state statutes regarding pledged securities.

6. We traced amounts of ad valorem taxes and sales taxes remitted from the County Treasurer to the Authority to Authority deposit slips.

There were no findings as a result of applying the procedure.

7. We observed whether receiving goods and services, preparing claims, and issuing payments are performed by separate employees.

Finding: Duties are not being performed by separate employees. The limited number of office personnel prevents a proper segregation of accounting functions, which is necessary to ensure adequate internal control structure over receiving goods and services, preparing claims, and issuing payments.

Recommendation: We recommend management be aware of this condition and realize the concentration of duties and responsibilities in a limited number of individuals is not desirable from a control point of view. Under these conditions, the most effective controls lie in management’s knowledge of office operations and periodic review of operations.

Views of responsible officials and planned corrective actions: We concur with the State Auditor’s findings. Management does have knowledge of office operations and will perform a periodic review of these operations.

8. We randomly selected 25 checks and:
 - Agreed to invoices.
 - Agreed payee on cancelled check to vendor on invoice.
 - Inspected the receiving report/invoice for signature of Authority employee who verified goods and/or services were received.
 - Traced claim approval to Authority Board minutes.

Finding: Goods and services received were not verified with an employee’s signature on 22 of the 25 invoices selected.

Recommendation: We recommend that all invoices be initialed and dated by the Authority's employee who received the goods and services.

Views of responsible officials and planned corrective actions: We concur with the State Auditor's findings. We are taking measures to correct this issue.

With respect to the other procedures applied, there were no findings.

9. We observed the third-party contract for ambulance services and:
- Observed that the contract was approved by the Board for the current year and was for a specific amount.
 - Observed whether the Authority paid the City of Hugo (for FYE 6/30/2006) and Southwest EMS (for FYE 6/30/07) in accordance with the contract.

Finding: The Authority overpaid the City of Hugo \$3,088.70 for its contract services from July 1, 2005 to June 30, 2006.

Recommendation: We recommend that the Authority pay the City of Hugo in accordance with the contract.

Views of responsible officials and planned corrective actions: We concur with the State Auditor's findings. In the future, any amounts paid in excess of the contract amount will be included in an amended contract.

With respect to the other procedure applied, there were no findings.

10. We observed each Board member's Official Bond.

There were no findings as a result of applying the procedure.

11. We randomly selected one payroll period and:
- Observed whether all employees prepared timesheets.
 - Inspected timesheets for signatures of employees and supervisors.

There were no findings as a result of applying the procedures.

12. We randomly selected all employees from the payroll records and:
- Compared leave amounts earned to the Authority's policy for earning leave.
 - Compared leave balances to the Authority's policy for limitations on leave balances.
 - Traced annual leave used on the employee's timesheet (or payroll claim) to the respective monthly leave balance report.

Finding: The following was noted.

- Employees are not accruing sick leave according to the personnel policy. The personnel policy states that sick leave should be accrued monthly; however, employees are allocated 12 days at the beginning of the fiscal year.
- Leave balances are not being maintained on a monthly basis.

Recommendation: We recommend that the Authority adhere to the personnel policy book. We further recommend that leave records be maintained monthly to properly reflect all employees' leave balances on a monthly basis.

Views of responsible officials and planned corrective actions: We concur with the State Auditor's findings. We will review the personnel policy book and our current method of accounting for employees' sick leave balances and will make any necessary changes.

With respect to the other procedure applied, there were no findings.

13. We obtained the District's Estimate of Needs and the publication notice of the Estimate of Needs to observe whether all schedules in the Estimate of Needs were completed and the publication notice was printed in a county-wide newspaper.

There were no findings as a result of applying the procedures.

14. We observed the existence of an equipment inventory list, and visually verified ten (10) items. Additionally, we visually verified all ambulances for existence.

There were no findings as a result of applying the procedures.

15. We selected all items requiring bids (greater than \$7,500) and observed proof of publication of bid and justification and approval of awarding the bid to a bidder other than the lowest bidder in the Authority's Board minutes.

Finding: One piece of equipment (Jaws of Life, costing \$8,905.25) was not bid or approved in the Authority's Board minutes.

Criteria: Title 19 O.S. § 1723 states, "Purchases by any board which are in excess of Two Thousand Five Hundred Dollars (\$2,500.00), or in the case of written or facsimile quotes, purchases in excess of Seven Thousand Five Hundred Dollars (\$7,500.00), shall be by competitive bid."

Recommendation: We recommend that all items costing over \$7,500 be properly bid and approved in the Authority's Board minutes.

Views of responsible officials and planned corrective actions: We concur with the State Auditor's findings. We will place more emphasis on the bidding process.

16. We observed insurance policies for the existence of coverage of capital assets.

There were no findings as a result of applying the procedure.

We were not engaged to, and did not conduct an examination or a review, the objective of which would be the expression of an opinion or limited assurance on the cash, receipts, disbursements, personnel costs, and capital assets for the Choctaw County Ambulance Authority. Accordingly, we do not express such an opinion or limited assurance. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Board of Trustees, Excise Board, and Legislative Officials and should not be used for any other purpose. This report is also a public document pursuant to the Oklahoma Open Records Act (51 O.S., § 24A.1 et seq.), and shall be open to any person for inspection and copying.



STEVE BURRAGE, CPA
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August 12, 2008



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