



LEEDEY AMBULANCE SERVICE DISTRICT

Statutory Report

For the fiscal year ended June 30, 2022

Cindy Byrd, CPA
State Auditor & Inspector

**LEEDEY AMBULANCE SERVICE DISTRICT
STATUTORY REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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April 8, 2024

**TO THE BOARD OF DIRECTORS OF THE
LEEDEY AMBULANCE SERVICE DISTRICT**

Transmitted herewith is the audit report of Leedey Ambulance Service District for the fiscal year ended June 30, 2022.

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

**LEEDEY AMBULANCE SERVICE DISTRICT
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Presentation of Collections, Disbursements, and Cash Balances of District Funds for FY 2022

	<u>General Fund</u>	<u>Sales Tax Revolving Fund</u>
Beginning Cash Balance, July 1	\$ 458,056	\$ 106,343
Collections		
Ad Valorem Tax	87,111	-
Charges for Services	40,019	-
Sales Tax Revenue	-	34,977
Miscellaneous	7,548	-
Total Collections	<u>134,678</u>	<u>34,977</u>
Disbursements		
Personal Services	48,494	-
Maintenance and Operations	51,850	13,181
Total Disbursements	<u>100,344</u>	<u>13,181</u>
Ending Cash Balance, June 30	<u>\$ 492,390</u>	<u>\$ 128,139</u>

Presented for informational purposes.

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County Sales Tax

Dewey County voters passed a three-quarters (.75) of one (1) cent sales tax on April 1, 2014, to terminate after ten (10) years. The sales tax is restricted to the following areas:

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

Leedey Ambulance Service District (the District) requests county sales tax that is disbursed by the Dewey County Public Facilities Authority (DCPFA) from Dewey County as required per the sales tax ballot. The Dewey County Treasurer deposits all county sales tax funds in a county bank account and funds are disbursed for the Sales Tax Revolving Fund for improvements and operations of the District.

DCPFA Board approves the disbursement of county sales tax funds to the District. The District submits a request to DCPFA detailing the item(s) the District's request for use of the county sales tax funds. The DCPFA Board votes to approve or deny the request for county sales tax funds. Upon approval of the DCPFA Board, the Dewey County Treasurer requests the bank issue a check to the vendor for the approved amount. During the fiscal year, the District requested payments totaling \$13,181 for improvements and operations of the District.



Leedey Ambulance Service District
P.O. Box 232
Leedey, Oklahoma 73654

**TO THE BOARD OF DIRECTORS OF THE
LEEDEY AMBULANCE 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 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, 2022 were secured by pledged collateral.
- Determined disbursements were properly supported, were made for purposes outlined in 19 O.S. § 1710.1, and were accurately reported in the accounting records.
- Determined all purchases requiring bids complied with 19 O.S. § 1723 and 61 O.S. §101-139.
- Determined payroll expenditures were accurately reported in the accounting records and supporting documentation of leave records was maintained.
- Determined 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 ended June 30, 2022 were accurately presented on the estimate of needs.

All information included in the records of the District is the representation of the Leedey Ambulance 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 Leedey Ambulance 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 Leedey Ambulance 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

February 13, 2024

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SCHEDULE OF FINDINGS AND RESPONSES

Finding 2022-002 – Lack of Internal Controls Over Accounting Process and Lack of Internal Controls and Noncompliance Over Financial Statement and Pledged Collateral (Repeat Finding)

Condition: Upon inquiry of the Leedey Ambulance Service District (the District) Board members and staff and observation of the accounting process and pledged collateral process, the following weaknesses were noted:

- Monthly bank reconciliations were not performed.
- Bank statements presented to the Board did not contain evidence of review.
- The District did not prepare a June 30, 2022 financial statement reflecting the cumulative totals with documentation of the Board's review and approval.
- The District funds were under-collateralized at one financial institution in the amount of \$47,261 on June 30, 2022.
- A former Board member is still listed as an authorized check signer and the current Board member is not listed as an authorized check signer at one financial institution.

Cause of Condition: Policies and procedures have not been designed and implemented to ensure bank statements contain evidence of review, monthly bank reconciliations were not performed and evidence of review and approval by Board are maintained and that authorized check signers at bank are accurate and up to date. Additionally, policies and procedures have not been designed and implemented to ensure a financial statement is prepared and reviewed by the Board and ensure bank deposits are adequately secured with pledged collateral.

Effect of Condition: These conditions resulted in noncompliance with state statutes regarding completion of a June 30th financial statement and unsecured District funds that could result in possible loss of District funds. Further, these conditions could result in unrecorded transactions, misstated financial reports, clerical errors, or misappropriation of funds.

Recommendation: The Oklahoma State Auditor & Inspector's Office (OSAI) recommends the District design and implement policies and procedures over the accounting process. Which includes the preparation of monthly bank reconciliations, evidence of review and approval of reconciliations and bank statements by Board be maintained and that authorized check signers at financial institutions are accurate and up to date.

Additionally, OSAI recommends policies and procedures be designed and implemented to ensure a financial statement is prepared and reviewed by the Board in accordance with 19 O.S. § 1706.

Furthermore, OSAI recommends policies and procedures be designed and implemented to ensure bank deposits are adequately secured with pledged collateral in accordance with 62 O.S. § 517.4(A).

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Management Response:

Chairman of the Board: The Leedeey Ambulance Board has discussed with the bookkeeper, to have the monthly bank statements reconciled before the meeting and the Board will review the bank statements and sign or initial the bottom at the meeting. The Board will ensure that all District funds are properly collateralized in accordance with statute.

If there was no June 2022 financial statement it was overlooked, and we will do better at keeping up with records. Bank signature cards were updated in January 2023.

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 quasigovernmental entities.

The GAO Standards – Principle 16 – Perform 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.

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. Some entities may set objectives to a higher level of performance than established by laws and regulations. In setting those objectives, management is able to exercise discretion relative to the performance of the entity.

Title 19 O.S. § 1706 states in part, “It shall be the duty of the board of the district on or before the third Monday of July in each year to produce or caused to be produced a financial statement of the district for the preceding year ending June 30th.”

Title 62 O.S. § 517.4(A) states, “A treasurer of a public entity shall require that financial institutions deposit collateral securities or instruments to secure the deposits of the public entity in each such institution. The amount of collateral securities or instruments to be pledged for the security of public deposits shall be established by the treasurer of the public entity consistent with the provisions of the Security for Local Public Deposits Act; provided, such amount shall not be less than the amount of the deposit to be secured, less the amount insured.

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Finding 2022-003 – Lack of Internal Controls Over the Billing and Collection Process (Repeat Finding)

Condition: Based upon inquiry of the District employees, observation of the billing process and the test of twenty-five (25) ambulance service runs, the following weaknesses were noted:

- The District relied solely on the third-party billing company to ensure patient account balances were correct.
- In two (2) instances, Board approval could not be determined for patient's accounts written-off as uncollectable.
- Receipts were not issued for payments received.

Cause of Condition: Policies and procedures have not been designed and implemented to monitor patient accounts to ensure patients are billed in accordance with District policy and to ensure delinquent patient accounts are reviewed and approved by the Board to be written-off as uncollectable. Additionally, policies and procedures have not been designed and implemented to ensure receipts are issued for all payments received.

Effect of Condition: These conditions could result in the District under/over billing for ambulance services, misstated financial reports, unrecorded transactions and/or loss of revenue.

Recommendation: OSAI recommends the District design and implement policies and procedures to ensure amounts agree to fee schedule for patient account billing, monitor the collection and deposit of patient accounts, review and approve patient account amounts to be written off as uncollectable, and review and approve documentation of the third-party billing company's collections and accounts receivable summary and document all evidence of review. Further OSAI recommends the District ensure receipts are written for all funds received.

Management Response:

Chairman of the Board: The Leedeey Ambulance Board does rely on a third-party billing company. This is all the company does and therefore we are confident that our billing is being done correctly, and they know how to deal with insurance companies. They send us a monthly print out that has every run listed, what was charged and how much we have been paid per run. Our director tracks all runs, who went on runs, what we charge and what we receive per run. So, we are aware of billing and collections.

At the end of our fiscal year, the director writes up what was charged, what we received and how much we receive per run. This is presented to the board for approval at the end of each fiscal year.

We do not issue receipts to insurance companies because they have cancelled checks that come back to them, and we have remits to show payments received and deposit slips to prove we received the payments. We also have our bank statements to show any auto deposits made.

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Auditor Response: While the Board did address aspects of the internal control weaknesses noted in this finding, the following recommendations should also be addressed by designing and implementing policies and procedures:

- Issue receipts for all payments received.
- Document monthly review of the third-party billing records to the District policy and present to the Board for review and approval Board meeting.
- Document the approval of all write-offs in an open Board meeting.

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

Accurate and timely recording of transactions

Transactions are promptly recorded to maintain their relevance and value to management in controlling operations and making decisions. This applies to the entire process or life cycle of a transaction or event from its initiation and authorization through its final classification in summary records. In addition, management designs control activities so that all transactions are completely and accurately recorded.

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.

Finding 2022-005 – Lack of Internal Controls and Noncompliance Over the Payroll Process

Condition: Upon inquiry of District personnel, observation of payroll documents and a test of the payroll period November 1, 2021, to November 20, 2021, the following weaknesses were noted:

- Three (3) Board members received compensation for Emergency Medical Technician (EMT) work on ambulance service runs which is in violation of the state statute.
- The District did not document volunteers' approval of compensation for ambulance service runs each month.

Cause of Condition: Policies and procedures have not been designed and implemented to ensure compliance concerning Board member compensation for EMT work on ambulance service runs. Additionally, policies and procedures have not been designed and implemented to ensure volunteers approve the number of runs they participate in each month.

Effect of Condition: These conditions resulted in noncompliance with the state statute and Attorney General (AG) opinion regarding the Board member compensation and could result in inaccurate records, incomplete information, or misappropriation of funds.

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Recommendation: OSAI recommends the District design and implement policies and procedures to ensure compliance with state statute and AG opinion, regarding Board member compensation for EMT work on ambulance service runs. Additionally, OSAI recommends the District design and implement policies and procedures to ensure volunteers sign and approve the ambulance run sheet to document compensation for number of ambulance runs they participate in each month.

Management Response:

Chairman of the Board: Leedeey Ambulance Board knows a Board member should not also receive payments for runs, but this is a small community with limited access to EMT's. We have 4 volunteers and 1 full-time helper to cover our community. Sometimes it takes everyone to help. There is only one EMT on the Leedeey Ambulance Board at this time and we appreciate any time she can help. Any person going on runs each month will sign the calendar to show they got their checks and that they agreed to help that month.

Auditor Response: OSAI recommends the District comply with 19 O.S. § 340 and AG Opinion 1983 OK AG 280.

Criteria: 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.

The GAO Standards – Section 2 – Objective 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.

The following is the AG Opinion and the state statute that prohibits a Board member from receiving compensation. A Board member cannot be compensated for work performed. The Board members should resign as a board member before applying for a job within the emergency medical service when compensation is received for the work performed.

AG Opinion 1983 OK AG 280 states in part,

¶1 The constitutional provision creating Emergency Medical Service (EMS) Districts and their boards of trustees' states at Article X, Section 9C, as follows:

“Each district which is herein authorized, or established, shall have a board of trustees composed of not less than five members. Such trustees shall be chosen jointly by the board or boards of county commissioners, provided that such membership shall be composed of

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not less than one individual from each county or part thereof which is included in said district.”

¶2 Thus, the selection of the district's board of trustees is a power delegated to the boards of county commissioners.

¶3 The state statutes specifically provide at 19 O.S. § 340 (1981), as follows:

“The board of county commissioners is hereby vested with full power to inquire into and investigate the accounts, disbursements, bills and expenses of any county, district, or township officer, . . . but in no case shall the board of county commissioners allow any compensation, fee, salary, bills or expenses to any officer or person except when expressly allowed by law.”

¶4 This statute clearly prohibits the board of county commissioners from allowing any compensation or expenses to a district officer unless it is expressly allowed by law.

O·K·L·A·H·O·M·A
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Cindy Byrd, CPA | State Auditor & Inspector

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