

Village of Trumansburg

Ambulance Fund Accountability

NOVEMBER 2018



OFFICE OF THE NEW YORK STATE COMPTROLLER
Thomas P. DiNapoli, State Comptroller

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Report Highlights

Village of Trumansburg

Audit Objective

Determine whether Village officials properly accounted for ambulance funds.

Key Findings

- As of May 31, 2018, the ambulance fund had an unidentified cash balance of \$16,100.
- The Village's general fund and the Town of Hector were overpaid \$12,231.
- The ambulance fund owes the Town of Covert and Town of Ulysses \$28,331.
- Village officials did not perform monthly accountabilities of the ambulance fund.

Key Recommendations

- Perform a monthly accountability of the ambulance fund.
- Research unidentified funds, collect any amounts owed by municipalities and disburse any amounts due to municipalities.

Village officials generally agreed with our recommendations and indicated they planned to initiate corrective action.

Background

The Village of Trumansburg (Village) is located in the Town of Ulysses in Tompkins County.

The Village is governed by an elected Board of Trustees (Board) composed of the Mayor and four Trustees. The Board is the legislative body responsible for oversight and general management of the Village's financial operations. The Mayor is the chief executive officer responsible for day-to-day management. The Treasurer, who is appointed by the Mayor, is the chief financial officer responsible for financial operations.

The Emergency Medical Services (EMS) Manager prepares monthly summary reports (monthly reports), used for the allocation of billing service fees for the ambulance fund.

Quick Facts

Population	1,800
2018-19 Appropriations	\$3.8 million
2017-18 Ambulance Fund Receipts	\$285,159

Audit Period

June 1, 2016 – May 31, 2018.
We expanded our audit period to December 1, 2011 to examine all ambulance fund activity since its inception.

Ambulance Fund Accountability

The Village provides EMS including ambulance transportation services to Village residents and provides these services contractually to the Towns of Covert, Hector and Ulysses.¹ These towns make annual payments to the Village for services as defined in their respective contracts. The Village contracts with a third-party billing service to bill and collect payments² from patients for ambulance transportation services. The payments are deposited into the Village's ambulance bank account and remitted by the Treasurer (less applicable service fees for the billing and collection service) to the Village's general fund and the Towns. Monthly reports include payments received by the Village from patients and any refunds provided by the Village to patients or remittances to collection agencies. Service fees are allocated to the municipalities based on service calls.

How Should Village Officials Maintain Accountability in the Ambulance Fund?

A well-designed system of internal controls ensures that money received by a village for ambulance services is properly recorded, reported and disbursed. Essential procedures include the monthly reconciliation of bank accounts to village and third-party records and a monthly accountability, which compares cash balances to detailed lists of amounts due to the village's general fund, other municipalities and third parties.

Village Officials Did Not Maintain Accountability in the Ambulance Fund

Village officials did not ensure that money received for ambulance services was properly recorded, reported and disbursed. As a result, as of May 31, 2018, the Village had a \$16,100 unidentified cash balance in the ambulance fund.

The unidentified balance resulted from an accumulation of errors since the ambulance fund's inception in December 2011. The EMS Manager did not report or allocate \$22,573 of payments received from patients in his monthly reports and therefore the Treasurer did not remit these funds to the appropriate municipalities. Additionally, he incorrectly calculated and allocated service fees to the municipalities since he based them on each payment (including partial payments) made by patients instead of on each service call as required by the contract with the third-party billing service. This resulted in \$4,414 in excess withholdings. Furthermore, mathematical errors in written checks and monthly reports led to

¹ Based on mutual aid requests not covered by individual contracts, the Village also provides these services to other neighboring municipalities and bills patients in those municipalities for ambulance transportation services.

² The Village is charged a flat service fee per service call for billing and collection services. The EMS Manager allocates these fees to the applicable municipality from which the service call originated.

overpayments of \$5,821 to the municipalities. Finally, the Village paid \$5,066 in refunds to patients and payments to collection agencies without appropriately deducting these amounts from payments to the applicable municipalities.

Figure 1: Accumulation of Errors as of May 31, 2018

Description of Errors	Net Increase (Decrease) in Unidentified Balance
Payments Received but not Reimbursed to Municipalities	\$22,573
Service Fees Incorrectly Allocated to Municipalities	\$4,414
Mathematical Errors	(\$5,821)
Payments to Patients and Collection Agencies not Deducted from Payments to Municipalities	(\$5,066)
Balance of Accumulated Errors	\$16,100

These errors went undetected by Village officials because they did not perform monthly accountabilities. Although the EMS Manager received and summarized monthly activity from the third-party billing service, the Treasurer did not reconcile these reports to the bank activity. As a result, the Village’s general fund and Town of Hector were overpaid and the Towns of Covert and Ulysses were underpaid.

Figure 2: Allocation of Accumulated Errors as of May 31, 2018

Municipality	Amount Owed To/(Due From)
Village General Fund	(\$8,232)
Town of Hector	(\$3,999)
Town of Covert	\$13,080
Town of Ulysses	\$15,251
Balance of Accumulated Errors	\$16,100

Without the preparation of monthly accountabilities, additional undetected errors could occur and further obfuscate the ambulance fund activity.

What Do We Recommend?

Village officials should:

1. Ensure all receipts are reported on the monthly reports or monthly accountabilities.
2. Allocate billing fees based on contractual agreements.

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3. Deduct payments to patients and collection agencies from payments to applicable municipalities and verify mathematical calculations on monthly reports prior to making payments.
 4. Perform a monthly accountability of the ambulance fund that includes a reconciliation of summarized monthly activity from the third-party billing service to bank activity.
 5. Research unidentified funds, collect any amounts owed by municipalities and disburse any amounts due to municipalities.

Appendix A: Response From Village Officials



November 19, 2018

Ann C. Singer, Chief Examiner
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RE: Village of Trumansburg Ambulance Fund Accountability Report of Examination 2018M-168

Dear Ms. Singer,

The Village of Trumansburg is in receipt of the above draft audit report. The Village finds no disagreement with the examiner's findings as provided. We appreciate your office's thorough review and will be using the audit's findings to improve best practices surrounding the Ambulance Fund.

The Village will submit a Corrective Action Plan, as needed, within 90 days of the release of the final audit report.

Thank you for your time and attention to these matters.

Sincerely,

Rordan Hart, Mayor
Village of Trumansburg

Nov 26 2018
Binghamton - cc

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Appendix B: Audit Methodology and Standards

We conducted this audit pursuant to Article V, Section 1 of the State Constitution and the State Comptroller's authority as set forth in Article 3 of the New York State General Municipal Law. To achieve the audit objective and obtain valid audit evidence, our audit procedures included the following:

- We interviewed Village officials and third-party billing service personnel and reviewed Town contracts to gain an understanding of ambulance transportation operations.
- We reconciled third-party billing service data, bank activity and accounting records to determine whether all receipts during our audit period were deposited and to identify all outstanding checks.
- We used third-party billing service data to recalculate all amounts owed to municipalities and compared these amounts to payments listed on bank statements and recorded in the accounting records to determine whether payments were calculated correctly and paid accordingly.
- We performed a monthly accountability as of May 31, 2018 to determine outstanding liabilities.
- We compared all the monthly reports to the third-party billing service's data and bank statements during our audit period to identify errors in these reports.

We conducted this performance audit in accordance with GAGAS (generally accepted government auditing standards). Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

Unless otherwise indicated in this report, samples for testing were selected based on professional judgment, as it was not the intent to project the results onto the entire population. Where applicable, information is presented concerning the value and/or size of the relevant population and the sample selected for examination.

A written corrective action plan (CAP) that addresses the findings and recommendations in this report should be prepared and provided to our office within 90 days, pursuant to Section 35 of General Municipal Law. For more information on preparing and filing your CAP, please refer to our brochure, *Responding to an OSC Audit Report*, which you received with the draft audit report. We encourage the Board to make the CAP available for public review in the Clerk's office.

Appendix C: Resources and Services

Regional Office Directory

www.osc.state.ny.us/localgov/regional_directory.pdf

Cost-Saving Ideas – Resources, advice and assistance on cost-saving ideas

www.osc.state.ny.us/localgov/costsavings/index.htm

Fiscal Stress Monitoring – Resources for local government officials experiencing fiscal problems

www.osc.state.ny.us/localgov/fiscalmonitoring/index.htm

Local Government Management Guides – Series of publications that include technical information and suggested practices for local government management

www.osc.state.ny.us/localgov/pubs/listacctg.htm#lmgm

Planning and Budgeting Guides – Resources for developing multiyear financial, capital, strategic and other plans

www.osc.state.ny.us/localgov/planbudget/index.htm

Protecting Sensitive Data and Other Local Government Assets – A non-technical cybersecurity guide for local government leaders

www.osc.state.ny.us/localgov/lgli/pdf/cybersecurityguide.pdf

Required Reporting – Information and resources for reports and forms that are filed with the Office of the State Comptroller

www.osc.state.ny.us/localgov/finreporting/index.htm

Research Reports/Publications – Reports on major policy issues facing local governments and State policy-makers

www.osc.state.ny.us/localgov/researchpubs/index.htm

Training – Resources for local government officials on in-person and online training opportunities on a wide range of topics

www.osc.state.ny.us/localgov/academy/index.htm

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