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TABLE OF CONTENTS

TITLE	PAGE
Independent Accountants' Report	3
Supplement to the Special Audit Report	
Background	5
Objective No. 1 – Ambulance and Membership Fee Collections	6

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INDEPENDENT ACCOUNTANTS' REPORT

Vincent Gildone, Administrator
Northwest Ambulance District
1480 S. Broadway
Geneva, Ohio 44041

We conducted a special audit of the Northwest Ambulance District (the District) by performing the procedures enumerated in the attached Supplement to the Special Audit Report for the period January 1, 2008 through April 15, 2011 (the Period) solely to determine receipts received by the District for ambulance and membership fees and ensure that all such receipts were deposited into the District bank account intact.

This engagement was conducted in accordance with the Quality Standards for Inspections established by the President's Council on Integrity and Efficiency (January 2005). The procedures and associated findings are detailed in the attached Supplement to the Special Audit Report. A summary of our procedures and significant results is as follows:

1. We obtained daily ambulance and membership fee receipt reports for the Period directly from the District's Ambulance Information Management (AIM) Billing System. We compared these reports to the hard copy reports previously printed by the former Assistant Administrator and included as source documentation with the deposits as the basis for postings into the accounting system to determine receipts received by the District for ambulance and membership fees and to ensure that all such receipts were deposited into the District bank account intact.

Significant Results – Our review of District records disclosed 10 instances of ambulance fee collections totaling \$555 and 12 instances of membership fee collections totaling \$180 for which no corresponding deposit was made into the District's account. Of these 22 total instances, seven instances totaling \$400 were supported by duplicate receipts showing cash collections from customers for which no corresponding deposit was made. Former Assistant Administrator Annemeri Discher was responsible for posting such collections, printing supporting accounting records, preparing deposit slips, making deposits, and submitting a form of amounts collected to the Administrator for posting to the accounting system.

A review of deposits made by the District during the Period disclosed no cash deposits from August 7, 2008 through April 15, 2011. Established monitoring procedures at the District during the Period did not discover the lack of cash deposits.

We issued a finding for recovery against Annemeri Discher in the amount of \$735.

We also issued six management recommendations regarding monitoring cash collections and deposits, segregation of duties, customer account adjustments, membership fees, document retention, and unpaid outstanding ambulance fee accounts.

2. On April 30, 2012, a draft report was provided to Vincent Gildone, Administrator. The report was shared with the Northwest Ambulance District Board members. The Board waived the formal exit conference.

The Board members were informed that they had five business days to respond to this special audit report. A response was received on May 7, 2012. The response was evaluated and included in our audit work papers. No changes were made to this report.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive, flowing style.

Dave Yost
Auditor of State

April 17, 2012

Supplement to the Special Audit Report

Background

In May 2011, the Administrator of the Northwest Ambulance District contacted the Auditor of State (AOS) concerning a possible theft of ambulance billing receipts and membership fees by the Assistant Administrator, Annemeri Discher, and requested the AOS perform a special audit of the District. The Administrator also notified the Ashtabula County Prosecutor's Office and the Geneva City Police Department of this matter. A review of District records disclosed no cash deposits to the District's bank account since mid-2008.

The information, allegations, and Administrator's request for a special audit were forwarded to the AOS Special Audit Task Force, and on June 1, 2011, the AOS initiated a special audit of the District.

Supplement to the Special Audit Report

Objective No. 1 - Ambulance and Membership Fee Collections

PROCEDURES

We obtained daily ambulance and membership fee receipt reports for the Period directly from the District's AIM Billing System and compared these reports to the hard copy reports previously printed by the Assistant Administrator and included as source documentation with the deposits as the basis for postings into the accounting system to determine receipts received by the District for ambulance and membership fees and to ensure that all such receipts were deposited into the District bank account intact.

RESULTS

We identified 10 instances of ambulance fee collections totaling \$555 and 12 instances of membership fee collections totaling \$180 for which no corresponding deposit was made into the District's account. Of these 22 total instances, seven instances totaling \$400 were supported by duplicate receipts showing cash collections from customers for which no corresponding deposit was made.

Our review of cash deposits made by the District during the Period disclosed no cash deposits from August 7, 2008 through April 15, 2011. Former Assistant Administrator Annemeri Discher performed the majority of the accounting functions over ambulance fee and membership fee receipts with little review or oversight by another person.

The District did not have written policies and procedures for membership fee collections and receipts were not consistently issued for membership fee collections. The District also did not have written policies and procedures for ambulance fee billings and collections. Outstanding ambulance fee accounts were not consistently billed or submitted to collections.

FINDING FOR RECOVERY

Finding for Recovery - Annemeri Discher

During the Period, District records disclosed ambulance fee collections of \$555 and membership fee collections of \$180 for which no corresponding deposit was made into the District's account. Former Assistant Administrator Annemeri Discher was responsible for collecting payments, posting such collections, printing supporting accounting records, preparing deposit slips, making deposits, and submitting a form stating the amounts collected to the Administrator for posting to the accounting system.

A review of reports maintained at the District compared to the same reports obtained directly from the District's billing system disclosed discrepancies. Additionally, certain discrepancies were supported by duplicate receipts showing cash collections from customers for which no corresponding deposit was made. A review of cash deposits made by the District during the Period disclosed no cash deposits from August 7, 2008 through April 15, 2011. All but one of the noted discrepancies was within this timeframe.

In accordance with the foregoing facts and pursuant to Ohio Rev. Code Section 117.28, a finding for recovery for public money collected but unaccounted for is hereby issued against Annemeri Discher and her bonding company, The Cincinnati Insurance Company, in the amount of \$735, jointly and severally, and in favor of the District.

Supplement to the Special Audit Report

MANAGEMENT RECOMMENDATIONS

Segregation of Duties

The former Assistant Administrator performed the majority of the accounting functions over ambulance fee and membership fee receipts, including but not limited to, collecting payments, issuing receipts, printing various accounting reports, preparing deposit slips, depositing collected receipts, submitting amounts to be posted by the Administrator, and adjusting customer accounts, with little review or oversight by another person.

The lack of segregation of duties could result in errors and irregularities not being discovered in a timely manner and a loss of District assets.

We recommend the District segregate duties to ensure that no single individual has control over all phases of ambulance fee and membership fee collections. In a small operation, such as the District, it is not always possible to have enough staff to properly segregate duties. Understanding this, the Board and Administrator should take an active role in monitoring transactions and reviewing the work completed by others.

Monitoring Cash Collections and Deposits

We noted no cash deposits from August 7, 2008 through April 15, 2011. We also noted no supervisory monitoring of cash collections. Therefore, the lack of cash deposits for this extended period of time was not identified and investigated as part of District monitoring activities.

Failure to implement monitoring procedures over cash collections and deposits limits the ability of management to identify unusual or unexplained decreases in cash deposits and increases the risk of cash collections being diverted.

We recommend the District implement monitoring procedures which include periodic reviews of cash collections and deposits. Any unexplained fluctuations in cash collections and deposits should be investigated to ensure all cash received as part of District operations is accounted for appropriately.

Outstanding Ambulance Fee Accounts

The District has no written policies and procedures for the consistent periodic issuance of ambulance fee billings and submission of unpaid outstanding balances to collections. During the Period, 116 ambulance fee accounts were noted which had balances outstanding in excess of 120 days.

Failure to establish written policies and procedures requiring periodic billings and submission of unpaid outstanding bills to collections limits management's ability to ensure all outstanding amounts are collected.

We recommend the District establish written policies and procedures for consistent periodic billings, supervisory review of outstanding balances, and submission of unpaid outstanding balances to collections.

Account Adjustments

The District does not have written procedures for processing account adjustments or writing off bad debts nor did they require formal supervisory approval and documentation of such items. During the Period, the former Assistant Administrator posted payment adjustments, processed professional courtesies, and wrote off accounts to bad debts with no documentation supporting the purpose and without supervisory review or approval.

The lack of supporting documentation and approval increases the risk that payments received on accounts may be diverted.

Supplement to the Special Audit Report

We recommend the District develop specific, written procedures for making adjustments to patient accounts and writing off bad debts. The District should require documentation supporting the purpose of the adjustment or write off and require appropriate supervisory review and approval. We recommend a patient adjustment form be used and reviewed for approval by the supervisor.

Membership Fees

The District distributed mass mailings of pre-numbered membership forms to prospective members within the District. Upon receipt of completed membership forms with corresponding payment, receipts were not always issued and the District did not have written procedures for processing receipt of such membership fees. Also, although the membership cards are sequentially numbered, the District did not reconcile the membership forms mailed to the receipts collected.

Failure to establish procedures and consistently issue receipts for membership fee receipts increases the likelihood that these receipts will be diverted. Additionally, once membership forms are distributed through mass mailings, no control is gained through the fact that such forms are pre-numbered.

We recommend the District establish written procedures for processing membership fee payments. We further recommend the District issue receipts for all membership fee collections. The District should also consider establishing a separate pre-numbered receipt book dedicated specifically to the collections of membership fees. Finally, the District should consider tracking the pre-numbered membership forms.

Document Retention

Membership forms completed by members for the 2010 member year and prior were destroyed and discarded. The membership forms were only maintained for the 2011 member year.

Failure to adequately control and maintain documents could result in the inability of the District to review prior transactions for accuracy. This also limits the ability to ensure proper accountability over membership fee collections.

We recommend the District institute a record retention policy to maintain supporting documents until properly reviewed and subjected to audit. The District should also ensure appropriate supervisory approvals are received and documented prior to disposal of such records.



Dave Yost • Auditor of State

NORTHWEST AMBULANCE DISTRICT

ASHTABULA

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
AUGUST 9, 2012**