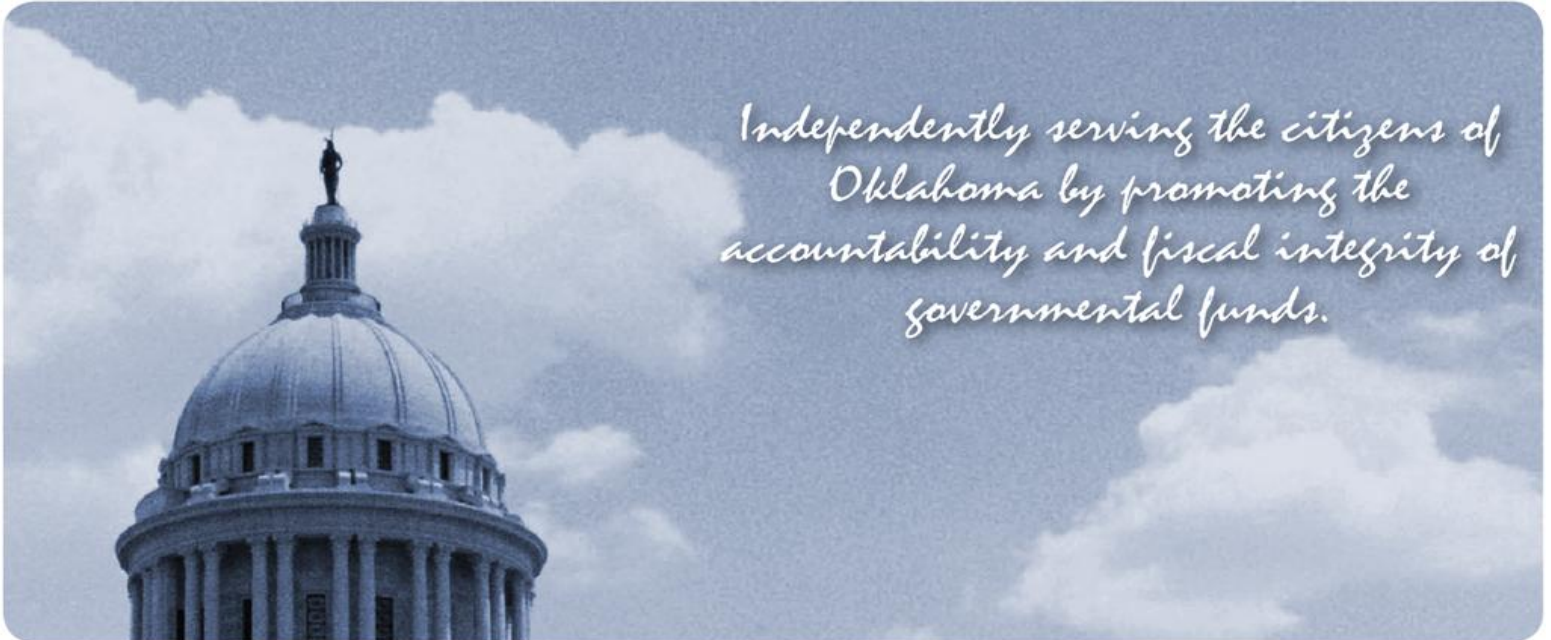


STATUTORY AUDIT

# COAL COUNTY EMERGENCY MEDICAL SERVICE DISTRICT

For the period July 1, 2008 through June 30, 2013



*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

**COAL COUNTY EMERGENCY MEDICAL SERVICE DISTRICT  
STATUTORY REPORT  
FOR THE PERIOD JULY 1, 2008 THROUGH JUNE 30, 2013**

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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

August 21, 2014

**TO THE BOARD OF DIRECTORS OF THE  
COAL COUNTY EMERGENCY MEDICAL SERVICE DISTRICT**

Transmitted herewith is the audit report of Coal Emergency Medical Service District for the period July 1, 2008 through June 30, 2013.

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 fluid and cursive.

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

**COAL COUNTY EMERGENCY MEDICAL SERVICE DISTRICT  
 STATUTORY REPORT  
 JULY 1, 2008 THROUGH JUNE 30, 2013**

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**Presentation of Collections, Disbursements, and Cash Balances of District Funds for FY 2012 and FY 2013**

	<u>FY 2012</u>	<u>FY 2013</u>
Beginning Cash Balance, July 1	\$ 279,391	\$ 284,449
<b>Collections</b>		
Ad Valorem Tax	245,211	261,792
Transferred From Prior Years	14,047	3,885
Miscellaneous	266	104
Total Collections	<u>259,524</u>	<u>265,781</u>
<b>Disbursements</b>		
Personal Services	-	-
Travel	-	-
Maintenance and Operations	254,466	254,384
Capital Outlay	-	-
Audit Expense	-	-
Total Disbursements	<u>254,466</u>	<u>254,384</u>
*Ending Cash Balance, June 30	<u>\$ 284,449</u>	<u>\$ 295,846</u>

\*The collections and disbursements as presented above do not reflect county sales tax collected and disbursed. See Finding 5: Completeness of Estimate of Needs on page 8 for details.

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



# Oklahoma State Auditor & Inspector

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

Coal County Emergency Medical Service District  
3 South Main  
Coalgate, Oklahoma 74538

## **TO THE BOARD OF DIRECTORS OF THE COAL 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 2012 and FY 2013 were accurately presented on the estimate of needs.

All information included in the records of the District is the representation of the Coal County Emergency Medical District Service.

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 Coal 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 Coal 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, appearing to read "Gary A. Jones". The signature is fluid and cursive, with a long horizontal stroke at the end.

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

August 3, 2014

**COAL COUNTY EMERGENCY MEDICAL SERVICE DISTRICT  
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JULY 1, 2008 THROUGH JUNE 30, 2013**

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**SCHEDULE OF FINDINGS AND RESPONSES**

**Finding 1 – Lack of Internal Control for Disbursements**

**Condition:** For the period under review fifty Coal County Emergency Medical Service District (the District) disbursements were tested. The following exceptions were noted concerning these disbursements:

- No supporting documentation could be located for two (2) of the expenditures tested. No approval by the Board existed for these expenses.
- Eight (8) disbursements did not have documentation of an approval by the Board.

**Cause of Condition:** Policies and procedures have not been designed to ensure all disbursement supporting documentation is maintained for recordkeeping, and that all disbursements are approved as a District expense by the Board.

**Effect of Condition:** This condition could result in inaccurate records, incomplete information or the misappropriation of assets.

**Recommendation:** The Oklahoma State Auditor & Inspector's Office (OSAI) recommends that the District implement policies and procedures to ensure all expenditures have proper supporting documentation maintained for recordkeeping purposes. Further, OSAI recommends the District Board approve all expenditures prior to their purchase.

**Management Response:** Management agrees with OSAI's recommendations 100%, there is no reasonable assurance provided about the achievement of the entity's objectives.

**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 entity's objectives with regard to the reliability of financial reporting. A key factor in this system is having supporting documentation such as itemized invoices attached to all claims, and ensuring all expenditures have proper approval before purchase.

**Finding 2 – Inventory Records**

**Condition:** Based upon inquiry and observation at the District, the following was noted concerning inventory:

- A physical inventory list is not updated regularly.
- No evidence of a physical inventory count being conducted regularly was noted.
- Three (3) items did not have the correct serial number recorded.
- Two (2) items noted were not listed on the inventory list.

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- One (1) item could not be located. This item was a Whirlpool Refrigerator purchased for \$619.

**Effect of Condition:** These conditions could result in errors and improprieties, unrecorded transactions, the misappropriation of assets, and did result in the loss of District equipment.

**Recommendation:** OSAI recommends that policies and procedures be developed to ensure inventory is being updated on an ongoing basis. Furthermore, OSAI recommends physical inventory verification, by someone other than the individual in charge of inventory, be completed and documented annually to verify inventory on hand.

**Management Response:** Management agrees with the recommendations by OSAI, this condition will be addressed and corrected.

**Criteria:** An aspect of internal control is the safeguarding of assets. Internal controls over safeguarding of assets constitute a process, affected by the entity’s governing body, management, and other personnel, designed to provide reasonable assurance regarding prevention or untimely detection of unauthorized acquisition, use, or disposition of the entity’s assets and safeguarding assets from loss, damage, or misappropriation.

**Finding 3 – Noncompliance with Competitive Bidding Requirements**

**Condition:** Based upon inquiry and observation of the expenditure process of the District, the following was noted concerning purchases that should have been competitively bid:

- No bid was noted for four (4) purchases:

Vendor	Check Number	Purchase Order Number	Date	Amount	Purpose
Ferno	2	1143	1/13/10	\$7,056.15	Cot
Ferno	5	2556	3/17/10	\$7,707.32	Cot
Impact Instrumentation	1000	2727	3/30/12	\$9,264.59	Ventilator
Phillips Healthcare	995	2668	3/18/13	\$22,608.76	Heartstart monitor

(Note: The two referenced cots above should have been bid together due to their combined cost within a short time span.)

- The bid packet was incomplete for two (2) purchases:



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<b>Vendor</b>	<b>Check Number</b>	<b>Purchase Order Number</b>	<b>Date</b>	<b>Amount</b>	<b>Purpose</b>
Verathon	2	3695	6/3/09	\$11,015.00	Glide scope
Boundtree Medical	3	3696	6/3/09	\$23,511.13	Mannequins

**Cause of Condition:** Policies and procedures have not been designed to ensure that expenditures in excess of the competitive bidding threshold are in compliance with 19 O.S. § 1723.

**Effect of Condition:** This condition resulted in noncompliance with state statute and could result in inaccurate records, incomplete information, or a misappropriation of assets.

**Recommendation:** OSAI recommends that all purchases in excess of \$10,000 for periods after July 1, 2012, be competitively bid in accordance with state statute.

Further, OSAI recommends the District prepare bid requirements in such a manner that they are not written for a specific product, brand, or vendor. Rather, the bid requirements should allow for multiple vendors to have the opportunity to bid.

**Management Response:** Management was assured by the District that these purchases were handled in accordance with Oklahoma State Statute.

**Auditor Response:** OSAI recommends the District review expenditures at each board meeting to ensure no items are purchased without complying with applicable bid requirements.

**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 entity's objectives with regard to reliability of financial reporting and compliance with applicable laws and regulations.

Title 19 O.S. § 1723 as of July 1, 2012 requires EMS Districts to make purchases in accordance with the county purchase procedures as outlined in 19 O.S. § 1505, which requires all purchases in excess of \$10,000 be competitively bid. Prior to July 1, 2012 the competitive bid threshold for EMS Districts was \$7,500.

**Finding 4 - Funding of Audit Expense Account**

**Condition:** For the period of July 1, 2008 through June 30, 2013, the District did not appropriate the mandatory one-tenth mill to the audit expense account. Further, balances from previous years were not properly carried forward.

**Cause of Condition:** Procedures have not been designed to ensure compliance with 19 O.S § 1706.1.

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**Effect of Condition:** This condition resulted in noncompliance with state statute and underfunding of the audit expense account.

**Recommendation:** 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 account, and that any unused portion be lapsed into the next year audit expense account in accordance with 19 O.S. § 1706.1.

**Management Response:** Management was not aware of this Statute; the District will correct this problem.

**Criteria:** Accountability and stewardship are overall goals of management in the accounting of funds. A component objective of an effective internal control system is to provide accurate and reliable information through proper review and approval.

Further, according to 19 O.S. § 1706.1, the District must appropriate the net proceeds of the one-tenth mill annual ad valorem levy upon the net total assessed valuation of the District for audit expenses.

**Finding 5 – Completeness of Estimate of Needs**

**Condition:** For the period of July 1, 2008 through June 30, 2013, the District Estimate of Needs did not reflect the revenues received and expenses incurred from county sales tax. The following was noted concerning the county sales tax revenue for the period under audit:

<b>Fiscal Year</b>	<b>Beginning Balance</b>	<b>Sales Tax Received</b>	<b>Disbursed</b>	<b>Ending Balance</b>
2009	234,369.70	341,128.09	207,105.71	368,392.08
2010	368,392.08	204,711.78	210,233.91	362,869.95
2011	362,869.95	167,382.81	154,574.67	375,678.09
2012	375,678.09	172,538.30	263,328.33	284,888.06
2013	284,888.06	89,875.05	272,608.76	102,154.35

**Cause of Condition:** The Estimate of Needs was not prepared in accordance with 19 O.S. § 1702.

**Effect of Condition:** The District Estimate of Needs for the period under review did not reflect the complete financial condition of the District. Rather, the revenues received and expenses incurred from county sales tax were reported by Coal County directly, and not the District.

**Recommendation:** OSAI recommends the District ensure the Estimate of Needs is prepared in such a manner that the complete financial situation of the District is presented. Specifically, county sales tax

**COAL COUNTY EMERGENCY MEDICAL SERVICE DISTRICT  
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received and expended by the District should also be accounted for by the District in the Estimate of Needs.

**Management Response:** Management agrees with the recommendations by OSAI. There is no complete financial report that is understandable and presented to anyone. The lack of accountability and quality control are of great concern to the Management Board.

**Criteria:** Accountability and stewardship are overall goals of management in the accounting of funds. A component objective of an effective internal control system is to provide accurate and reliable information through proper review and approval.

Title 19 O.S. § 1702 states in part that Districts should "...3. Make available to the public and investors sufficient information as to the financial conditions, requirement and expectations of the district..."



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