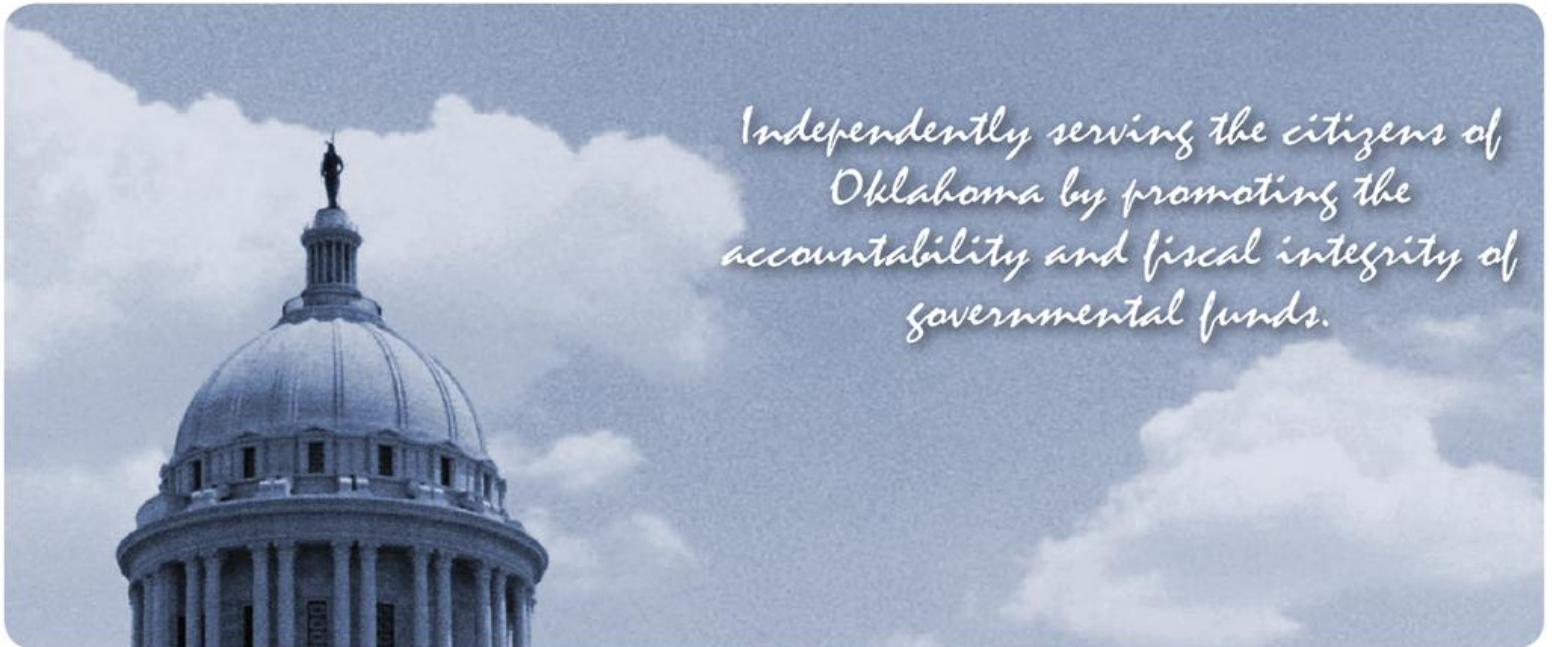


STATUTORY REPORT

GLENPOOL EMERGENCY MEDICAL SERVICE DISTRICT

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



Oklahoma State
Auditor & Inspector
Gary A. Jones, CPA, CFE

**GLENPOOL 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

October 13, 2014

**TO THE BOARD OF DIRECTORS OF THE
GLENPOOL EMERGENCY MEDICAL SERVICE DISTRICT**

Transmitted herewith is the audit report of Glenpool 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".

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

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

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	\$ 215,992	\$ 257,020
Collections		
Ad Valorem Tax	238,198	207,006
Miscellaneous	213	150
Total Collections	<u>238,411</u>	<u>207,156</u>
Disbursements		
Maintenance and Operations	167,647	178,207
Audit Expense	-	-
Total Disbursements	<u>167,647</u>	<u>178,207</u>
Ending Cash Balance Estimate of Needs, June 30	<u>\$ 286,756</u>	<u>\$ 285,969</u>
Ending Cash Balance District, June 30	\$ 257,020	\$ 293,110
Reporting Variance	<u>\$ 29,736</u>	<u>\$ (7,141)</u>

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



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Glenpool Emergency Medical Service District
P.O. Box 70
Glenpool, Oklahoma 74033

TO THE BOARD OF DIRECTORS OF THE GLENPOOL 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 Glenpool 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 Glenpool 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 Glenpool 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

May 29, 2014

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

SCHEDULE OF FINDINGS AND RESPONSES

Finding 1 – Bank Reconciliations

Condition: Based on a review of the Glenpool Emergency Medical Service District’s (the District) reconciliation documentation, the following was noted:

- Adjustments appear to be made each fiscal year to balance the bank with the District records. For example, the June 30, 2013 reconciliation report contains a \$6.43 adjustment.
- Check 1022 was marked to be voided on the June 30, 2011 bank reconciliation, but as of June 30, 2013 this check had yet to be voided.
- There was no indication that a second review of the reconciliations was performed by an individual other than the preparer.

Cause of Condition: Policies and procedures have not been designed and implemented to ensure a true and accurate reconciliation occurs monthly between the bank balance and District records, to ensure checks to be voided are done so in a timely manner, and to ensure there is a second level of review on reconciliations performed.

Effect of Condition: These conditions could result in unrecorded transactions, misstated financial reports, undetected errors, or the misappropriation of funds.

Recommendation: The Oklahoma State Auditor & Inspector’s office (OSAI) recommends the District ensure a true and accurate reconciliation be conducted on a monthly basis. This would also include ensuring all items to be voided are done so in a timely manner. Further, OSAI recommends the District implement a policy where an individual other than the preparer of the reconciliation review and sign the reconciliation as a level of review.

Management Response: Our accounting package, allows the reconciler to enter routine monthly banking transactions for interest and bank charges directly into the general ledger through the bank reconciliation module. This saves time and effort on behalf of the reconciler, saving them from having to make a journal entry and post it prior to performing the bank reconciliation. Such entries show up on the bank reconciliation as an adjustment.

We reviewed the pertinent information and found that a void packet had been created in the system to complete this but it had never been approved and posted. We have since done that.

Management concurs that timely and accurate bank reconciliations are important to maintaining the integrity of the District’s system of internal controls. A policy has been instituted effective with fiscal year 2015 that a knowledgeable person not associated with the processing of transactions will regularly review the completed bank reconciliations.

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

Criteria: To help ensure a proper accounting of funds, all bank reconciliations should be performed on a monthly basis and approved by someone other than the preparer and include an indication of the review.

Finding 2 – Expenditure Documentation and Approval

Condition: For the period under review, 25 expenditures were tested per fiscal year. The following was noted:

Fiscal Year 2009

- 22 of the 25 expenditures tested were not approved by the Board.
- 20 of the 25 expenditures tested did not appear to be expenditures incurred in accordance with the District's contract with their third-party service provider.

Fiscal Year 2010

- 4 of the 25 expenditures tested were not approved by the Board.
- 2 of the 25 expenditures tested were voided without the voided check documentation being retained.
- 17 of the 25 expenditures tested did not appear to be expenditures incurred in accordance with the District's contract with their third-party service provider.

Fiscal Year 2011

- 16 of the 25 expenditures tested were not approved by the Board.
- 2 of the 25 expenditures tested were voided without the voided check documentation being retained.
- 17 of the 25 expenditures tested did not appear to be expenditures incurred in accordance with the District's contract with their third-party service provider.

Fiscal Year 2012

- 100% of the 25 expenditures tested were not approved by the Board.
- 3 of the 25 expenditures tested were voided without the voided check documentation being retained.
- 16 of the 25 expenditures tested did not appear to be expenditures incurred in accordance with the District's contract with their third-party service provider and the City of Glenpool.

Fiscal Year 2013

- 100% of the 25 expenditures tested were not approved by the Board.
- 9 of the 25 expenditures tested were voided without the voided check documentation being retained.
- 12 of the 25 expenditures tested did not appear to be expenditures incurred in accordance with the District's contract with their third-party service provider and the City of Glenpool.
- The City of Glenpool was compensated administrative fees at a rate of \$1,000 per month in excess of the contractual terms with the District.

**GLENPOOL EMERGENCY MEDICAL SERVICE DISTRICT
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Cause of Condition: Policies and procedures have not been designed and implemented to ensure all expenditures are approved by the Board, to ensure voided documentation is retained, and to ensure expenditures are incurred in accordance with the contractual terms between the District, the City of Glenpool and the third-party service provider.

Effect of Condition: These conditions resulted in expenditures being incurred in contrast with the contractual terms between the District, the City of Glenpool, and the third-party service provider. Further, these conditions could result in unrecorded transactions, misstated financial reports, clerical errors, or misappropriation of funds not being detected in a timely manner.

Recommendation: OSAI recommends the District ensure every expenditure incurred is approved by the District Board. Further, OSAI recommends all documentation of voided items be retained, and that all expenditures incurred are in compliance with the contractual agreement.

Management Response: In accordance with Section X-9C (a) of the Oklahoma Constitution, the District Board has elected to contract with the City of Glenpool for the management and administration of the District. While the Board retains all of its constitutional and statutory rights and responsibilities, the daily operational decisions are handled by the City in accordance with the contract. Those administrative functions are carried out in accordance with Ordinance No. 597 of the City of Glenpool which authorizes management to approve all expenditures as funded within the adopted budget, up to an amount of \$7,500 without having to seek Board approval. The compensating controls for the Board are that the Board adopts the annual budget; the Board approves the annual administrative contract; the Board must approve all contracts, including the contract with the ambulance provider; the Board receives regular financial reports, including budget to actual reports, for their review; and the Board approves non-contractual expenditures in excess of \$7,500.

Additionally, expenditures made on behalf of the District during the period under audit appear to be in compliance with constitutional and statutory requirements, specifically 19 O.S. 1710.1A. Due to the nature of the audit sampling techniques used, and the way the results of such are disclosed in the audit report, we can only answer the questions in this section generically. However, in general the amounts expended during the term under audit appear to be for: contractual payments to the ambulance provider; contractual payments for the administration of the District; payments for medical supplies and other consumables used in the provision of emergency medical services; acquisition and maintenance of equipment utilized by first responders in support of the ambulance provider; necessary overhead and administrative items; and payments made to first responders for services rendered. The District's Board believes that these uses of tax funds are in compliance with the requirement of 19 O.S. 1710.1A, to wit "support, organization, operation and maintenance of district ambulance services."

The amount compensated to the City for fiscal year 2013 was in accordance with the amount adopted by the District Board in the annual budget. Due to a management oversight, the contract for administrative services between the City and the District was not changed to accurately reflect the intent of the District's Board as shown through the adopted annual budget.

**GLENPOOL EMERGENCY MEDICAL SERVICE DISTRICT
STATUTORY REPORT
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The District has taken the recommendation of the Auditor General's Office included in their audit and incorporated them into the contract with the City of Glenpool for fiscal year 2015 to help clarify matters going forward.

Auditor Response: Article 10 § 9C(a) of the Oklahoma Constitution contains provisions that allow an Emergency Medical Services District to contract out with other entities. However, the contracts provided to OSAI for fiscal year 2013 depict a specific annual sum due to the City of Glenpool of \$25,000, and a monthly sum due to the third-party service provider of \$9,500. No other provisions existed for additional expenditures. Rather, the line between the District and the city appears blurred as the District is being operated beyond the terms of the contracts as if it is a part of the City of Glenpool, and not a separate entity provided county millage.

OSAI recommends the District only provide funds to outside entities in accordance with contractual agreements. If the District wishes for additional City of Glenpool expenditures to be covered, this should be adopted in the annual contracts accordingly.

OSAI further recommends the District adopt policies and procedures concerning the approval of District expenditures incurred. A city ordinance alone does not replace the responsibilities of the Board.

Criteria: Effective internal controls require that management implement policies and procedures that safeguard the assets of the District with respect to 19 O.S. § 1710.1A, which outlines purposes for expending District funds, which includes the support, organization, operation, and maintenance of the emergency medical service.

Finding 3 – Purchasing

Condition: During the course of the expenditure tests conducted, OSAI noted instances where the District was reimbursing the City of Glenpool for first responder supplies, payroll expenditures, vehicle payments, services, drinks, vehicle maintenance, licensing fees, and credit card expenditures.

Prior to fiscal year 2012, City of Glenpool expenditures were not referenced in the contract between the District and the service provider. For fiscal year 2012 and 2013, the District agreed to pay the City of Glenpool \$25,000 per year for administrative expenses. This amount is paid in monthly installments of \$2,083. Expenditures in excess of the \$25,000 were noted during testwork.

Cause of Condition: Policies and procedures have not been designed and implemented to ensure expenditures are only incurred in accordance with applicable constitutional and contractual requirements.

Effect of Condition: These conditions resulted in the District being in noncompliance with the Oklahoma Constitution and the contractual terms between the District, the City of Glenpool, and the third-party service provider.

**GLENPOOL EMERGENCY MEDICAL SERVICE DISTRICT
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Recommendation: OSAI recommends the District ensure compliance with Article 10 § 9c of the Oklahoma Constitution which prescribes the proper use of tax millage by a District. Further, OSAI recommends the District review and ensure compliance with attorney general opinion 2002 OK AG 4.

Management Response: See answers to Finding 2 above.

Criteria: Oklahoma Constitution Article 10 § 9c states in part, "All registered voters in such area shall be entitled to vote, as to whether or not such district shall be formed, and at the same time and in the same question authorize a tax levy not to exceed three (3) mills for the purpose of providing funds for the purpose of support, organization, operation and maintenance of district ambulance services, known as emergency medical service districts and hereinafter referred to as "districts."

2002 OK AG states in part that "funds levied to support an Emergency Medical Service District may not be used for other purposes."

Finding 4 – 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. The following was noted per fiscal year of the period under review:

Fiscal Year	Amount to Budget	Amount Budgeted
2009	\$5,218.58	-
2010	\$6,081.96	-
2011	\$6,246.50	-
2012	\$6,511.99	-
2013	\$6,699.23	-

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

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 carried forward into the next year audit expense account in accordance with 19 O.S. § 1706.1.

Management Response: The District concurs that it has not specifically complied with 19 O.S. § 1706.1 by adopting a specific line item for audit services. The District will implement a policy to comply with this statute in the future and will continue to carry forward unexpended audit expenses as part of the District's fund balance until utilized in the performance of audits of the District.

**GLENPOOL EMERGENCY MEDICAL SERVICE DISTRICT
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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 – Estimate of Needs

Condition: For the period of July 1, 2011 through June 30, 2013, the Estimate of Needs did not reflect the same ending balances as the District General Ledger. The June 30, 2012 Estimate of Needs balance contained an ending balance of \$29,736 more than the District General Ledger balance. The June 30, 2013, the Estimate of Needs balance contained an ending balance of \$7,141 less than the District General Ledger balance.

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 accurate financial condition of 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.

Management Response: The District concurs that the Estimate of Needs did not reflect the same ending balance as the District’s General Ledger. The reason for this discrepancy was that the District was trying to comply with the stated deadline for the Estimate of Needs to be filed by July 1st of each year. The County Assessor’s office is not able to provide current year net assessed valuations until late July or early August. The County Assessor’s staff advised the District to use the prior year’s Net Assessed Valuation for our Estimate of Needs, which was done. Now, with the assistance of Oklahoma State Auditor staff, the District understands that it is not expected that the Estimate of Needs will be prepared, published and filed by July 1st of each year.

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(3) states in part that Districts should “...Make available to the public and investors sufficient information as to the financial conditions, requirements and expectations of the district...”



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