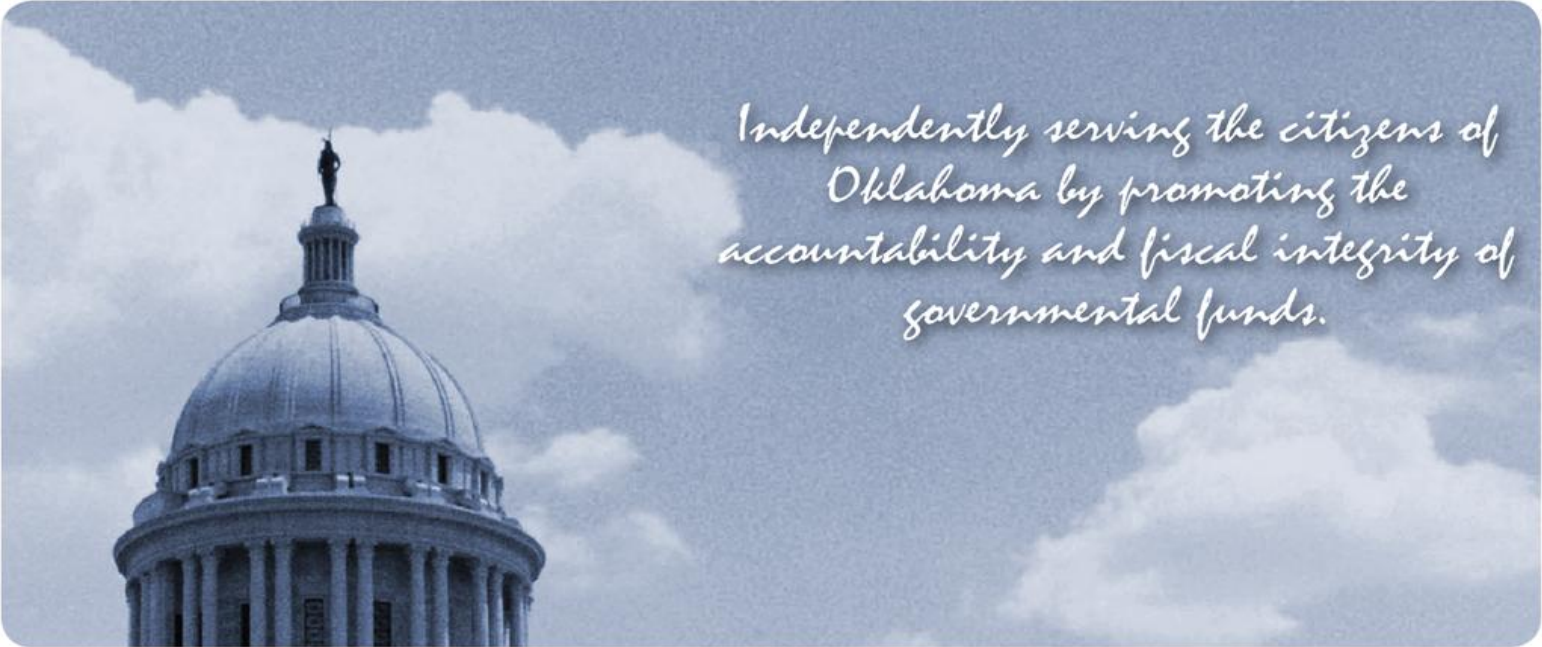


STATUTORY REPORT

# PUSHMATAHA 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

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

---

This publication, issued by the Oklahoma State Auditor and Inspector's Office as authorized by 19 O.S. § 1706.1, has not been printed, but is available on the agency's website ([www.sai.ok.gov](http://www.sai.ok.gov)) and in the Oklahoma Department of Libraries Publications Clearinghouse Digital Collection, pursuant to 74 O.S. § 3105.B.



# Oklahoma State Auditor & Inspector

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

September 25, 2014

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

Transmitted herewith is the audit report of Pushmataha County 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

**PUSHMATAHA COUNTY 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	<u>\$ 67,399</u>	<u>\$ 60,562</u>
Collections:		
Ad Valorem Tax	134,438	136,743
Miscellaneous	<u>2,826</u>	<u>9,867</u>
Total Collections	<u>137,264</u>	<u>146,610</u>
Disbursements:		
Travel	1,400	1,540
Maintenance and Operations	6,701	7,893
Contract - Town of Clayton	54,000	44,849
Contract - City of Antlers	76,000	89,698
Audit Expense	<u>6,000</u>	<u>5,496</u>
Total Disbursements	<u>144,101</u>	<u>149,476</u>
Ending Cash Balance, June 30	<u>\$ 60,562</u>	<u>\$ 57,696</u>
Ending Cash Balance District, June 30	\$ 67,490	\$ 57,696
Reporting Variance	<u>\$ (6,928)</u>	<u>\$ -</u>

*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

Pushmataha County Emergency Medical Service District  
P.O. Box 1243  
Antlers, Oklahoma 74523

## **TO THE BOARD OF DIRECTORS OF THE PUSHMATAHA 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 bank reconciliations, the investment ledger, the subsidiary ledgers, and the general ledger is the representation of the County Treasurer.

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 Pushmataha 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 Pushmataha 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 that reads "Gary A. Jones". The signature is fluid and cursive, with the first name "Gary" being the most prominent.

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

September 10, 2014

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

---

**SCHEDULE OF FINDINGS AND RESPONSES**

**Finding 1 – Lack of Segregation of Duties Over Receipting**

**Condition:** While gaining an understanding of the receipting, depositing, and reconciling functions of Pushmataha County Emergency Medical Service District (the District), we noted that the Board Secretary performs the following duties:

- Receives ad valorem monies.
- Posts to ledgers and accounts.
- Takes the deposit to the bank
- Verifies the deposit to the bank statement.
- Reconciles accounts.

**Cause of Condition:** The District has not designed and implemented policies and procedures to sufficiently segregate the duties of the receipting process.

**Effect of Condition:** A single person having responsibility for more than one area of recording, authorization, custody of assets, and execution of transactions could result in unrecorded transactions, misstated financial reports, clerical errors, or misappropriation of funds not being detected in a timely manner.

**Recommendation:** The Oklahoma State Auditor & Inspector’s Office (OSAI) recommends management be aware of this condition and determine how to properly segregate duties. OSAI further recommends implementing compensating controls to mitigate the risks involved with a concentration of duties. Compensating controls would include separating key processes and/or critical functions of the office, and having management review and approve the accounting functions.

**Management Response:**

**Chairman of EMS Board:** We will implement procedures to review the receipting process.

**Criteria:** Accountability and stewardship are overall goals of management in the accounting of funds. To help ensure a proper accounting of funds, the duties of receiving, receipting, recording, depositing cash and checks, reconciliations, and transaction authorization should be segregated.

**Finding 2 – Bank Reconciliations**

**Condition:** The District is not performing bank reconciliations.

**Cause of Condition:** Procedures have not been designed to ensure that bank reconciliations are performed accurately and with documentation that supports reconciling items.

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

---

**Effect of Condition:** This condition could result in undetected errors and/or the misappropriation of assets.

**Recommendation:** OSAI recommends that bank reconciliations be performed monthly for all accounts. In addition, all bank reconciliations should be approved by someone other than the preparer and include an indication of such review.

**Management Response:**

**Chairman of EMS Board:** We will begin preparing monthly bank reconciliations.

**Criteria:** Accountability and stewardship are overall goals of management in the accounting of funds. To help ensure a proper accounting of funds, all banks reconciliations should be performed monthly and approved by someone other than the preparer.

**Finding 3 – Estimate of Needs Reporting Variance**

**Condition:** While reviewing the District accounting records and comparing them to the Estimate of Needs, it was noted that the collections, disbursements, and cash balances were not presented accurately on the Estimate of Needs for the period of July 1, 2011 through June 30, 2013. Concerning these variances, the following was noted per fiscal year:

Fiscal Year 2012

- The July 1, 2011 Estimate of Needs balance contained a beginning balance of \$3,027.93 more than the District general ledger balance.
- The fiscal year total expenditures reflected \$9,834.76 more on the Estimate of Needs than the District general ledger; \$6,000 of this amount consisted of an audit expense reflected on the Estimate of Needs that did not occur in the fiscal year.
- The fiscal year total revenues reflected \$108.98 less on the Estimate of Needs than the District general ledger.

Fiscal Year 2013

- The July 1, 2012 Estimate of Needs balance contained a beginning balance of \$6,915.81 less than the District general ledger balance.
- The fiscal year total revenues reflected \$6,927.40 more on the Estimate of Needs than the District general ledger.

**Cause of Condition:** Policies and Procedures have not been designed to ensure the Estimate of Needs accurately reflects the financial records of the District.

**Effect of Condition:** These conditions could result in inaccurate records, incomplete information, or the misappropriation of funds.



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

---

**Recommendation:** OSAI recommends the District review the Estimate of Needs on an annual basis and compare it with the accounting records for accuracy.

**Management Response:**

**Chairman of EMS Board:** We will review the budget and agree it to our accounting records.

**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 and compliance with applicable laws and regulations. A key factor in this system is reviewing records for accuracy.

**Finding 4 – Lack of Segregation of Duties Over Disbursements**

**Condition:** While gaining an understanding of the disbursement process of the District, we noted that the Board Secretary performs the following duties:

- Prepares voucher claims.
- Posts expenditures to ledgers.
- Receives goods and services.
- Prepares and distributes checks.

**Cause of Condition:** The District has not designed and implemented policies and procedures to sufficiently segregate the disbursement process.

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

**Recommendation:** OSAI recommends management be aware of this condition and determine if duties can be properly segregated. In the event that segregation of duties is not possible due to limited personnel, OSAI recommends implementing compensating controls to mitigate the risks involved with a concentration of duties. Compensating controls would include separating key processes and/or critical functions of the office, and having management review and approve accounting functions.

**Management Response:**

**Chairman of EMS Board:** We will implement procedures to review the disbursement process.

**Criteria:** Accountability and stewardship are overall goals of management in the accounting of funds. Effective internal controls require that key functions within a process be adequately segregated to allow for prevention and detection of errors and possible misappropriation of funds. Such effective internal controls would consist of ensuring the same individual is not tasked with record keeping, preparation and distribution of payments, and receipt of goods purchased.

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

---

**Finding 5 – Expenditure Documentation**

**Condition:** Based upon inquiry and observation of the expenditures process, the following was noted for the fiscal years under audit:

Fiscal Year 2009

- 18 of the 25 expenditures tested did not have supporting documentation attached to the voucher claim.
- 2 of the 25 expenditures tested did not have signature or written minute approval by a majority of the Board.

Fiscal Year 2010

- 24 of the 25 expenditures tested did not have supporting documentation attached to the voucher claim.
- 4 of the 25 expenditures tested did not have a receiving report attached and the invoice was not signed as a verification of accuracy.
- 1 of the 25 expenditures tested did not have signature or written minute approval by a majority of the Board.

Fiscal Year 2011

- None of the 25 expenditures tested had supporting documentation attached to the voucher claim.

Fiscal Year 2012

- 24 of the 25 expenditures tested did not have supporting documentation

Fiscal Year 2013

- None of the 25 expenditures tested had supporting documentation attached to the voucher claim.
- 11 of the 25 expenditures tested did not have a receiving reports attached and invoices were not signed as a verification of accuracy.

**Cause of Condition:** Policies and procedures have not been designed to ensure invoices/receiving reports are verified for accuracy or signed by the receiving agent, that documentation is attached to purchase claims, and that the claims are signed by the Board or approved in the Board minutes.

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

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

---

**Recommendation:** OSAI recommends the District implement a system of internal control to ensure all items ordered and received are reviewed for accuracy, that all purchases are approved by the Board, and that all expenditures have proper supporting documentation.

**Management Response:**

**Chairman of EMS Board:** We will implement procedures for a review of the disbursement process.

**Criteria:** Accountability and stewardship are overall goals of management in the accounting of funds. Effective internal controls are essential to help achieve the entity's objectives with regard to the reliability of financial reporting. Such effective internal controls would include having supporting documentation such as itemized invoices attached to all claims, designating a receiving officer to sign a receiving report or the invoice to confirm that goods and/or services were received, and approving all claims with Board signatures or written approval in the minutes of the Board.

**Finding 6 – Inventory Records**

**Condition:** The District does not prepare and maintain an inventory of capital assets.

**Cause of Condition:** Policies and procedures have not been designed to ensure the preparation and review of an inventory of capital assets occurs.

**Effect of Condition:** This condition could result in errors and improprieties, unrecorded transactions or the misappropriation of assets and loss of District equipment.

**Recommendation:** OSAI recommends that an inventory of capital assets be prepared and maintained. Furthermore, OSAI recommends a walk through, by someone other than the individual in charge of inventory, be completed and documented annually to verify inventory on hand.

**Management Response:**

**Chairman of EMS Board:** We will prepare an inventory list and review it annually.

**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.



**OFFICE OF THE STATE AUDITOR & INSPECTOR**  
2300 N. LINCOLN BOULEVARD, ROOM 100  
OKLAHOMA CITY, OK 73105-4896

**[WWW.SAI.OK.GOV](http://WWW.SAI.OK.GOV)**