



ATOKA COUNTY EMERGENCY MEDICAL SERVICE DISTRICT

Statutory Report

For the fiscal year ended June 30, 2020

Cindy Byrd, CPA
State Auditor & Inspector

**ATOKA COUNTY EMERGENCY MEDICAL SERVICE DISTRICT
STATUTORY REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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Cindy Byrd, CPA | State Auditor & Inspector

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April 26, 2021

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

Transmitted herewith is the audit report of Atoka County Emergency Medical Service District for the fiscal year ended June 30, 2020.

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 "Cindy Byrd".

CINDY BYRD, CPA
OKLAHOMA STATE AUDITOR & INSPECTOR



**ATOKA COUNTY EMERGENCY MEDICAL SERVICE DISTRICT
STATUTORY REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

Presentation of Collections, Disbursements, and Cash Balances of District Funds for FY 2020

	<u>FY 2020</u>
Beginning Cash Balance, July 1	\$ 15,561
Collections	
Ad Valorem Tax	207,407
Charges for Services	726,469
CARES Act Relief Funds	33,322
Miscellaneous	5,932
Total Collections	<u>973,130</u>
Disbursements	
Personal Services	539,891
Maintenance and Operations	322,272
Capital Outlay	42,299
Audit Expense	9,611
Total Disbursements	<u>914,073</u>
Ending Cash Balance, June 30	<u>\$ 74,618</u>

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

**ATOKA COUNTY EMERGENCY MEDICAL SERVICE DISTRICT
STATUTORY REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

Incurrence of Debt through a Bank Loan

The District obtained by agreement with a local bank a loan for “business expenses.” This loan is an incurrence of debt without the vote of the citizens and is not statutorily authorized as noted in Finding 2020-004 in the Schedule of Findings and Responses.

Loan Number	Start Date	End Date	Principal	Interest
1816475	October 23, 2019	April 30, 2020	\$35,165.00	\$668.34

This loan was secured by a 2012 Chevrolet Van and a 2014 Chevrolet YYCT4 owned by the District.

Coronavirus Aid, Relief, and Economic Security (CARES) Act

Provider Relief Funds Phase 1 – CARES Act money distributed to healthcare providers who bill Medicare fee-for-service to provide financial relief during the coronavirus (COVID-19) pandemic. Funds were distributed by the Department of Health and Human Services (HHS) through the Health Resources and Service Administration. The Atoka County Emergency Medical Service District received \$33,322 for the fiscal year.

Atoka County Emergency Medical Service District
1002 A West Liberty
Atoka, Oklahoma 74525

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

For the purpose of complying with 19 O.S. § 1706.1, we have performed the following procedures:

- Determined charges for services were billed and collected in accordance with District Policies.
- 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 for the fiscal year(s) ended June 30, 2020 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 and 61 O.S. §101-139.
- 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 the fiscal year(s) ended June 30, 2020 were accurately presented on the estimate of needs.

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

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 Atoka 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 Atoka County Emergency Medical Service District. This restriction is not intended to limit the distribution of this report, which is a matter of public record.



CINDY BYRD, CPA
OKLAHOMA STATE AUDITOR & INSPECTOR

February 16, 2021

**ATOKA COUNTY EMERGENCY MEDICAL SERVICE DISTRICT
STATUTORY REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

SCHEDULE OF FINDINGS AND RESPONSES

Finding 2020-002 – Lack of Internal Controls Over the Disbursements Process

Condition: While gaining an understanding of the disbursement process of the Atoka County Emergency Medical Service District (the District) and performing the test of thirty (30) disbursements, the following exceptions were noted:

- Six (6) disbursements were not signed or initialed certifying receipt of supplies and verifying the amount paid was correct.

Cause of Condition: The District has not designed and implemented policies and procedures to sufficiently document review and approval of the disbursement process.

Effect of Condition: These conditions 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 and Inspector’s office (OSAI) recommends the Board design and implement policies and procedures to ensure all purchases are supported with adequate documentation and verified as to goods or services received and the amount paid for those goods or services.

Management Response:

Chairman of the Board: A policy and procedure has been adopted and approved by the Board and the policy and procedures will be monitored closely to assure that all supporting documents of purchases will be evidenced as reviewed and attached to the purchase order.

Criteria: The United States Government Accountability Office’s Standards for Internal Control in the Federal Government (2014 version) aided in guiding our assessments and conclusion. Although this publication (GAO Standards) addresses controls in the federal government, this criterion can be treated as best practices and may be applied as a framework for an internal control system for state, local and quasi-governmental entities.

The GAO Standards – Principle 10 – Design Control Activities – 10.03 states in part:

Appropriate documentation of transactions and internal control

Management clearly documents internal control and all transactions and other significant events in a manner that allows the documentation to be readily available for examination. The documentation may appear in management directives, administrative policies, or operating manuals, in either paper or electronic form. Documentation and records are properly managed and maintained.

**ATOKA COUNTY EMERGENCY MEDICAL SERVICE DISTRICT
STATUTORY REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

Finding 2020-004 – Lack of Internal Controls and Noncompliance Over Creation of Debt by the District (Repeat Finding)

Condition: Upon inquiry of the Atoka County Emergency Medical Service District (the District) staff and observation of disbursement records, the District incurred unauthorized debt during the fiscal year in the following manner:

- The District obtained and approved, a six-month, one-time payment loan from the local financial institution in a special District Board meeting on October 15, 2019 in the amount of \$35,000.00 to pay operating expenses of the District as noted in the District minutes.

Effect of Condition: This condition resulted in noncompliance with the Oklahoma Constitution in that the District incurred unauthorized debt without the vote of the people.

Recommendation: The Oklahoma State Auditor and Inspector’s office (OSAI) recommends financing not be obtained that would indebt the District without approval of a three-fifths (3/5) vote of the citizens of Atoka County as authorized by Oklahoma Constitution Article X § 26a.

Management Response:

Chairman of the Board: No operational loans have been indebted during the current fiscal year 2021.

Criteria: The United States Government Accountability Office’s *Standards for Internal Control in the Federal Government* (2014 version) aided in guiding our assessments and conclusion. Although this publication (GAO Standards) addresses controls in the federal government, this criterion can be treated as best practices and may be applied as a framework for an internal control system for state, local and quasi-governmental entities.

The GAO Standards – Section 2 – Objectives of an Entity - OV2.23 states in part:

Compliance Objectives

Management conducts activities in accordance with applicable laws and regulations. As part of specifying compliance objectives, the entity determines which laws and regulations apply to the entity. Management is expected to set objectives that incorporate these requirements.

Further, GAO Standards – Principle 6 – Defined Objectives and Risk Tolerances - 6.05 states:

Definitions of Objectives

Management considers external requirements and internal expectations when defining objectives to enable the design of internal control. Legislators, regulators, and standard-setting bodies set external requirements by establishing the laws, regulations, and standards with which the entity is required to comply. Management identifies, understands, and incorporates these requirements into the entity’s objectives. Management sets internal expectations and requirements through the established standards of conduct, oversight

**ATOKA COUNTY EMERGENCY MEDICAL SERVICE DISTRICT
STATUTORY REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

structure, organizational structure, and expectations of competence as part of the control environment.

The Oklahoma Constitution Article X § 26a, states in part, "... no county city, town, township, school district, or other political corporation, or subdivision of the state, shall be allowed to become indebted, in any manner, or for any purpose, to an amount exceeding, in any year, the income and revenue provided for such year without the assent of three-fifths of the voters thereof, voting at an election, to be held for that purpose, not in cases requiring such assent..."

Finding 2020 -005 –Lack of Internal Controls and Noncompliance Over Credit Card Disbursements (Repeat Finding)

Condition: While gaining an understanding of the credit card disbursement process of the District, the following weakness was noted:

- The District has not established formal written policies and procedures over credit card usage and payment of credit card statements.

Additionally, while performing the test of fifteen (15) credit card disbursements, the following exceptions were noted:

- Six (6) disbursements were not signed or initialed certifying receipt of supplies and verifying the amount paid was correct.
- Sales tax was paid on five (5) disbursements.

Cause of Condition: The District has not designed and implemented policies and procedures to sufficiently ensure supporting documentation such as signatures or initials on invoices and detailed statements are attached to the purchase order to determine the credit card disbursement is appropriate and valid for the District and adherence to the state statute regarding the exemption of sales tax.

Effect of Condition: These conditions resulted in noncompliance regarding the exemption of sales tax on purchases and 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 Board design and implement policies and procedures to ensure credit card purchases are supported with adequate documentation to determine the disbursement is a valid expense of the District. Additionally, OSAI recommends the Board design and implement policies and procedures to ensure all purchases are supported with adequate documentation Further, OSAI recommends the Board develop policies and procedures to avoid paying sales tax on goods purchased as provided by Title 68 O.S. § 1356 (1).

**ATOKA COUNTY EMERGENCY MEDICAL SERVICE DISTRICT
STATUTORY REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

Management Response:

Chairman of the Board: A policy and procedure is now in place for purchasing, including credit card purchases. The Board’s review of the policy and procedure was completed and approved on February 16, 2021. Management will monitor credit card purchases closely to assure that all certifying receipts are attached and filed with the purchase order.

Criteria: The GAO Standards – Principle 10 – Design Control Activities – 10.03 states in part:

Appropriate documentation of transactions and internal control

Management clearly documents internal control and all transactions and other significant events in a manner that allows the documentation to be readily available for examination. The documentation may appear in management directives, administrative policies, or operating manuals, in either paper or electronic form. Documentation and records are properly managed and maintained.

The GAO Standards – Section 2 – Objectives of an Entity - OV2.23 states in part:

Compliance Objectives

Management conducts activities in accordance with applicable laws and regulations. As part of specifying compliance objectives, the entity determines which laws and regulations apply to the entity. Management is expected to set objectives that incorporate these requirements. Some entities may set objectives to a higher level of performance than established by laws and regulations.

Title 68 O.S. § 1356 (1) states, “There are hereby specifically exempted from the tax levied by Section 1350 et seq. of this title:

1. Sale of tangible personal property or services to the United States government or to the State of Oklahoma, any political subdivision of this state or any agency of a political subdivision of this state; provided, all sales to contractors in connection with the performance of any contract with the United States government, State of Oklahoma or any of its political subdivisions shall not be exempted from the tax levied by Section 1350 et seq. of this title, except as hereinafter provided.”

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