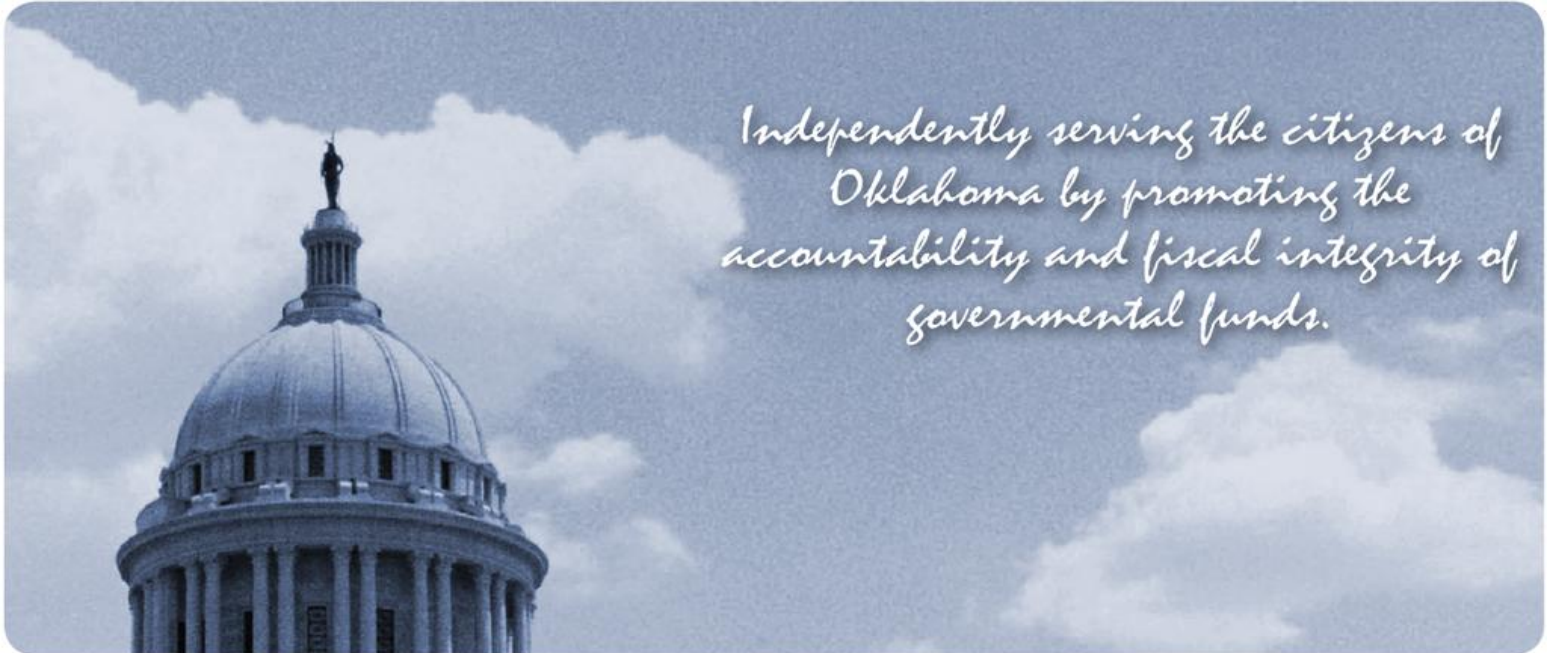


STATUTORY REPORT

# ATOKA EMERGENCY MEDICAL SERVICE DISTRICT

For the fiscal year ended June 30, 2016



*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

**ATOKA EMERGENCY MEDICAL SERVICE DISTRICT  
STATUTORY REPORT  
FOR THE FISCAL YEAR ENDED  
JULY 1, 2015 THROUGH JUNE 30, 2016**

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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 Prairie Collection (<http://digitalprairie.ok.gov/cdm/search/collection/audits/>) pursuant to 65 O.S. § 3-114.



# Oklahoma State Auditor & Inspector

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

April 17, 2017

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

Transmitted herewith is the audit report of Atoka Emergency Medical Service District for the fiscal year ended July 1, 2015 through June 30, 2016.

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, with the first letters of each name being capitalized and prominent.

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

**ATOKA EMERGENCY MEDICAL SERVICE DISTRICT  
STATUTORY REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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**Presentation of Collections, Disbursements, and Cash Balances of District Funds for FY 2016**

	<u>FY 2016</u>
Beginning Cash Balance, July 1	\$ 127,469
Collections	
Ad Valorem Tax	170,092
Charges for Services	663,098
Intergovernmental Revenues	6,541
Miscellaneous	6,253
Total Collections	<u>845,984</u>
Disbursements	
Personal Services	449,955
Maintenance and Operations	334,871
Capital Outlay	3,429
Audit Expense	13,794
Total Disbursements	<u>802,049</u>
Ending Cash Balance, June 30	<u>\$ 171,404</u>

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



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

## **TO THE BOARD OF DIRECTORS OF THE ATOKA 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 2016 were accurately presented on the estimate of needs.

All information included in the records of the District is the representation of the Atoka 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 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 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 written in a cursive style with a long horizontal stroke at the end.

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

March 8, 2017

**ATOKA EMERGENCY MEDICAL SERVICE DISTRICT  
STATUTORY REPORT  
FOR THE FISCAL YEAR ENDING JUNE 30, 2016**

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**SCHEDULE OF FINDINGS AND RESPONSES**

**Finding 2016-01 – Inadequate Segregation of Duties and Internal Controls Over Collections (Repeat Finding)**

**Condition:** While gaining an understanding of the receipting, depositing, and reconciling functions of the District, it was noted that the following duties are not properly segregated:

- Receiving and opening mail,
- Receiving funds and issuing receipts, and
- Preparing and taking deposits to the bank.

Also, we noted the following internal control weaknesses:

- Receipts are handwritten on generic receipts that do not bear the District's information.
- Receipts are not issued in sequential order.
- Receipts are not deposited daily.

**Cause of Condition:** Policies and procedures have not been designed and implemented to sufficiently segregate the receipting process, to ensure funds received are deposited on a daily basis, and to ensure receipts and deposits are prepared accurately. Additionally, policies and procedures have not been designed and implemented to ensure the District's receipts are issued with sufficient detail, in sequential order, and deposited in a timely manner.

**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. Further, issuing unofficial receipts and issuing receipts out of sequence could result in incomplete deposits and an increased risk of fraud.

**Recommendation:** The Oklahoma State Auditor & Inspector's Office (OSAI) recommends management be aware of these conditions and realize that concentration of duties and responsibilities in a limited number of individuals is not desired from a control point of view. The most effective controls lie in management's oversight of office operations and a periodic review of operations. OSAI recommends management provide segregation of duties so that no one employee is able to perform all accounting functions. 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. Additionally, OSAI recommends the District ensure all receipts have sufficient detail, are issued in sequential order, and deposits are made in a timely manner.

**ATOKA EMERGENCY MEDICAL SERVICE DISTRICT  
STATUTORY REPORT  
FOR THE FISCAL YEAR ENDING JUNE 30, 2016**

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**Management Response:**

**Chairman of the Board:** Since our billing is outsourced, there is a minimal amount of funds that are received through the office. We do not receive funds on a daily basis, so there is not a daily deposit. The billing company will contact me if or when they are expecting a payment on an account to ensure if it did come through this office; it is tracked immediately as I don't have the ability to credit accounts. If the payment did not come through the office, they contact the persons responsible for payment.

**Auditor Response:** Although the billing is outsourced, and consequently the District collects a smaller percentage of funds at the district office, the duties of opening mail, issuing receipts, and depositing funds should be segregated to ensure adequate internal controls over the safekeeping of assets. Additionally, receipts should be distinctively marked with the District's information and issued in sequential numerical order. Further, all deposits received should be deposited on the day in which they were received.

**Criteria:** Accountability and stewardship are overall goals of management in the accounting of funds. Internal controls over safeguarding of assets constitute a process, affected by an entity's governing body, management, and other personnel, designed to provide reasonable assurance regarding prevention or timely detection of unauthorized transactions and safeguarding assets from misappropriation. A component of an effective internal control system is to provide accurate and reliable information through receipts with sufficient detail, in sequential order, and deposits made in a timely manner.

**Finding 2015-03 – Inadequate Internal Controls Over Payroll Leave Balances and Timesheets (Repeat Finding)**

**Condition:** Based upon District inquiry and observation, and a review of nineteen (19) payroll documents, the following exceptions were noted:

**Payroll:**

- One (1) employee did not sign their timesheet or have signature of supervisor.
- One (1) employee did not have signature of supervisor.
- Two (2) employee's leave did not sign their timesheets.

**Vacation Leave:**

- One (1) employee was understated by four (4) hours.

**Vacation and Sick Leave:**

- Vacation and sick leave balances were not verified for accuracy and approved by employees and management.

**Cause of Condition:** Policies and procedures have not been designed and implemented to ensure timesheets are signed and reviewed for accuracy, ensure that the leave ledger is reviewed for accuracy, and leave ledger balances are approved by employees and management.



**ATOKA EMERGENCY MEDICAL SERVICE DISTRICT  
STATUTORY REPORT  
FOR THE FISCAL YEAR ENDING JUNE 30, 2016**

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**Effect of Condition:** These conditions resulted in inaccurate recordkeeping and incorrect accrual of wage and leave benefits.

**Recommendation:** OSAI recommends the District ensure that the leave ledger depicts the beginning balance, ending balance, and any accrued or used amounts for all employees. OSAI also recommends the District ensure the leave ledger agrees to timesheets and the timesheets and leave ledger be reviewed and approved for accuracy.

**Management Response:**

**Chairman of the Board:** The Director will monitor timesheets for employee signatures on timesheets and better train employees to complete timesheets accurately. Also, the Director will begin presenting vacation and sick hours to the employees to verify that the hours accrued are correct.

**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. An important aspect of internal controls is to ensure timekeeping records are accurately prepared to provide reasonable assurance regarding prevention or timely detection of unauthorized transactions and/or misappropriation of funds.

**Finding 2016-04 – Inadequate Internal Controls Over Fixed Assets (Repeat Finding)**

**Condition:** Based on inquiry, observation, and review of the District's inventory records, the following was noted:

- An annual physical count of inventory was not adequately documented.

**Cause of Condition:** Policies and procedures have not been designed and implemented to ensure inventory is properly maintained and updated through a periodic review by the District.

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

**Recommendation:** OSAI recommends annual physical inventory verification by someone other than the individual maintaining inventory and the physical inventory count be performed and documented.

**Management Response:**

**Chairman of the Board:** An inventory will be completed by two people and the list will be presented to the Board at the June board meeting annually beginning June, 2017.

**Criteria:** An important 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 timely detection of

**ATOKA EMERGENCY MEDICAL SERVICE DISTRICT  
STATUTORY REPORT  
FOR THE FISCAL YEAR ENDING JUNE 30, 2016**

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unauthorized acquisition, use, or disposition of the entity's assets and safeguarding assets from loss, damage, or misappropriation.

**Finding 2015-5 – Inadequate Internal Control Over Billing Process (Repeat Finding)**

**Condition:** Our test of twenty-eight (28) ambulance runs resulted in the following:

- Amount billed for one run was undercharged by \$81.75 due to an error in the mileage charged.
- One dispatch/run number on the run sheet did not match or trace to the billing records. It was listed in billing system as 151124 but shown as 151123 in EMS billing records.
- A dispatch/run was listed as un-billable; however, there was no documentation or clarification on why this was not billed to the patient or local medical center for roundtrip to another medical facility for services.

**Cause of Condition:** Policies and procedures have not been designed and implemented to ensure that all runs are billed accurately.

**Effect of Condition:** This condition resulted in inaccurate billing, and could result in the District missing the opportunity to receive additional billing revenue.

**Recommendation:** OSAI recommends the District implement recordkeeping policies and procedures to ensure all runs are billed accurately.

**Management Response:**

**Chairman of the Board:** The ambulance run sheet that was undercharged had been sent back to the third party billing service billing company for correction. The third party billing service has been replaced since the time of the audit. We haven't found errors in billing with the current third party billing service. The Director will double check billable ambulance runs to make sure the trip numbers agree to ambulance run documentation. The Director will meet with the CEO of local medical center to discuss options for an agreement such as the one we have with the local nursing home.

**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 the regard to reliability of financial reporting. A component objective of an effective internal control system is to ensure the District bills all runs accurately.



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