

STATUTORY REPORT

# BECKHAM COUNTY EMERGENCY MEDICAL SERVICE DISTRICT

For the fiscal year ended June 30, 2018



*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

**BECKHAM COUNTY EMERGENCY MEDICAL SERVICE DISTRICT  
STATUTORY REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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# Oklahoma State Auditor & Inspector

2300 N. Lincoln Blvd. • State Capitol, Room 123 • Oklahoma City, OK 73105 • Phone: 405.521.3495 • Fax: 405.521.3426

January 3, 2019

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

Transmitted herewith is the audit report of Beckham County Emergency Medical Service District for the fiscal year ended June 30, 2018.

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

**BECKHAM COUNTY EMERGENCY MEDICAL SERVICE DISTRICT  
STATUTORY REPORT  
JUNE 30, 2018**

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**Presentation of Collections, Disbursements, and Cash Balances of District Funds for FY 2018**

	<u>FY 2018</u>
Beginning Cash Balance, July 1	<u>\$ 520,014</u>
Collections	
Ad Valorem Tax	824,937
Miscellaneous	808
Total Collections	<u>825,745</u>
Disbursements	
Personal Services	3,600
Maintenance and Operations	4,447
Contracts for Service:	
Elk City EMS Contract	449,998
Erick EMS Contract	169,682
Sinor EMS Contract	227,413
Audit Expense	4,940
Total Disbursements	<u>860,080</u>
Ending Cash Balance, June 30	<u>\$ 485,679</u>

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



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Beckham County Emergency Medical Service District  
P.O. Box 67  
Sayre, Oklahoma 73662

## **TO THE BOARD OF DIRECTORS OF THE BECKHAM 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 2018 were accurately presented on the estimate of needs.

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

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

November 28, 2018

**SCHEDULE OF FINDINGS AND RESPONSES**

**Finding 2018-001 - Inadequate Internal Controls and Noncompliance Over the Collection and Disbursement Processes, and Bank Statement Reconciliations (Repeat Finding)**

**Condition:** Upon inquiry of the Beckham County Emergency Medical Service District (the District) sole employee and Board members regarding the collection and disbursement processes, we noted the following weaknesses:

- One employee issued receipts for ad valorem funds, prepared the deposit, deposited the funds, and maintained accounting ledgers.
- The same employee was the Recording Secretary for the monthly Board meetings and Accounts Payable Clerk for the District.
- The same employee prepared the bank statement reconciliations.
- Bank statements were not properly reconciled monthly.
- There was no supporting documentation of Board review of bank reconciliations.

Further, the test of twelve (12) deposits of ad valorem taxes reflected two (2) deposits were not timely deposited.

**Cause of Condition:** Policies and procedures have not been designed and implemented by the District Board to ensure funds are deposited in accordance with state statute. Further, monthly bank reconciliations are not properly performed. In addition, internal controls have not been designed and implemented by the District Board to maintain documentation supporting the review processes that ensure the accuracy of the financial records.

**Effect of Condition:** A single employee having responsibility for more than one area of the collection and disbursement processes and not depositing funds in a timely manner could result in unrecorded transactions, misstated financial reports, undetected errors, or the misappropriation of funds and noncompliance with state statute.

**Recommendation:** The Oklahoma State Auditor and Inspector's Office (OSAI) recommends the Board be aware of these conditions 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 approval of accounting functions. We recommend evidence of the Board's review process be clearly documented to provide a mitigating control over the lack of segregation of duties for the receipting, depositing, reconciling, and the disbursement processes. We additionally recommend funds collected be deposited in a timely manner and the deposit slip be documented in such a manner as to be easily traced to the receipts that have been issued.

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**Management Response:**

**Chairman of the Board:** The Board understands the importance of segregation of duties; therefore, we have designed and implemented mitigating controls. Each month the employee presents the Board with all invoices to be paid, along with a summary page listing each vendor and amount, as the Board member reviews each invoice and signs the summary page. The Board reviews the bank statements, and, in the future, we will document our review.

**Criteria:** Accountability and stewardship are overall goals of management in the accounting of funds. Effective internal controls are essential to the achievement of the entity's objectives regarding the reliability of financial reporting. Effective internal controls require that key functions within a process be adequately segregated to allow for the prevention and detection of errors and possible misappropriation of funds. Further, funds should be deposited in a timely manner on deposit slips that identify the amounts and entity of the depositor and provide adequate documentation to support the collections.

Further, Title 62 O.S. § 517.3B states in part, "The treasurer of every public entity shall deposit daily, not later than the immediately next banking day..."





**OFFICE OF THE STATE AUDITOR & INSPECTOR**  
2300 N. LINCOLN BOULEVARD, ROOM 123  
OKLAHOMA CITY, OK 73105-4896

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