

# **BUTLER EMERGENCY MEDICAL SERVICE DISTRICT**

**FOR THE PERIOD JULY 1, 2006  
THROUGH JUNE 30, 2008**

# **AGREED-UPON PROCEDURES REPORT**



Oklahoma State Auditor  
& Inspector

**BUTLER EMERGENCY MEDICAL SERVICE DISTRICT  
AGREED-UPON PROCEDURES REPORT  
FOR THE PERIOD JULY 1, 2006 THROUGH JUNE 30, 2008**

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# STATE AUDITOR AND INSPECTOR

STEVE BURRAGE, CPA  
State Auditor

MICHELLE R. DAY, ESQ.  
Chief Deputy



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December 9, 2008

TO THE BOARD OF TRUSTEES OF THE  
BUTLER EMERGENCY MEDICAL SERVICE DISTRICT

Transmitted herewith is the agreed-upon procedures report for the Butler Emergency Medical Service District for the period July 1, 2006 through June 30, 2008. The Office of the State Auditor and Inspector is committed to serving the public interest by providing independent oversight and by issuing reports that serve as a management tool to the State. Our goal is to ensure a government that is accountable to the people of the State of Oklahoma.

We wish to take this opportunity to express our appreciation for the assistance and cooperation extended to our office during the course of our engagement.

Sincerely,

A handwritten signature in blue ink that reads "Steve Burrage".

STEVE BURRAGE, CPA  
STATE AUDITOR & INSPECTOR

A handwritten signature in blue ink that reads "Michelle R. Day".

MICHELLE R. DAY, ESQ.  
DEPUTY STATE AUDITOR & INSPECTOR

**BUTLER EMERGENCY MEDICAL SERVICE DISTRICT  
FOR THE PERIOD JULY 1, 2006 THROUGH JUNE 30, 2008**

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**INTRODUCTION**

Article 10, § 9C of the Oklahoma Constitution authorized the formation of emergency medical service districts and initially authorized a tax levy not to exceed 3 mills for the purpose of providing funds for the purpose of support, organization, operation, and maintenance of district ambulance services. District voters approved the formation of the district and a 3 mills levy to support the operation of the district. With the repeal of personal property tax, the millage with the adjustment factor is now 3.14 mills. The Butler Emergency Medical Service District is comprised of I-46 School District and was created to provide ambulance service to all citizens in that school district.

Emergency medical service districts are governed by a board of trustees. The board of trustees (the board) has the power to hire a manager and other personnel, contract, organize, maintain, or otherwise operate the emergency medical service district. The trustees must act as a board when entering into contracts or other agreements affecting the district's welfare. Thus, actions taken by the board are voted on and approved by a majority of the trustees. The board of trustees' business meetings are open to the public. The board shall have the capacity to sue and be sued but shall enjoy immunity from civil suits for actions or omissions arising from the operation of the district. Such districts have the authority to charge fees for services, and accept gifts, funds, or grants.

**BUTLER EMERGENCY MEDICAL SERVICE DISTRICT**

**JUNE 30, 2008**

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## INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

TO THE BOARD OF TRUSTEES OF THE  
BUTLER EMERGENCY MEDICAL SERVICE DISTRICT

We have performed the procedures enumerated below, which were agreed to by management of the Butler Emergency Medical Service District (the District), solely to assist you in evaluating the receipt and disbursement process, the safeguarding of capital assets, and in determining whether selected receipts and disbursements are supported by underlying records for the period July 1, 2006 through June 30, 2008. This agreed-upon procedures engagement was conducted in accordance with standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States of America. The sufficiency of these procedures is solely the responsibility of the specified parties in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

1. We confirmed with financial institutions all cash and cash equivalent balances and investment balances as of June 30.

There were no findings as a result of applying the procedures.

2. We agreed all bank reconciliations performed during the year to the financial records.

There were no findings as a result of applying the procedures.

3. We compared District cash/cash equivalents in each financial institution to the fair market value of each financial institution's pledged collateral at January and June.

There were no findings as a result of applying the procedures.

4. We observed whether receipting, depositing, and reconciling functions are performed by separate employees.

**Finding:** The receipting, depositing, and reconciling functions were not properly segregated to assure adequate internal control structure.



**Recommendation:** OSAI recommends management be aware of this condition and realize that the concentration of duties and responsibilities in a limited number of individuals is not desirable from a control point of view. An increased level of review of transactions, cross-training for the financial duties could provide effective oversight by management.

**Views of responsible officials and planned corrective actions:** We concur with the State Auditor's finding. Management will perform a periodic review of these operations.

5. We randomly selected 20 runs from the dispatch log book in order to:
  - Trace to the run sheet.
  - Agree fee charged to fee schedule.
  - Trace run to billing records.
  - Trace receipt number from billing records to receipt.
  - Trace receipt to deposit slip.
  - Agree cash/check composition of deposits to the receipts issued.
  - Examine receipts to determine they are pre-numbered and issued in numerical order.
  - Agree date of receipts to date of deposit slip.
  - For any voided receipts, observe the original receipt.
  - Observe second billing and/or list sent to collection agency if no payment was received.
  - Observe District Board authorization in the Board minutes if the amount was written off.

**Finding:** We were unable to agree fee charged to the fee schedule, or trace the run to billing records on 5 of the 20 runs selected. The District did not issue pre-numbered receipts in numerical order, so we were unable to trace receipt number from billing records to receipt, trace receipt to deposit slip, or observe the original voided receipts for all 20 runs selected. The District did not maintain a listing of second billings and/or list sent to collection agency, and the write-off of bad debts was not authorized by the District Board in the Board minutes.

**Recommendation:** OSAI recommends the District place more emphasis on the proper completion of run sheets by the EMTs to enable the billing process to occur. OSAI also recommends that the District issue pre-numbered duplicate receipts for all monies collected and that the receipts be reconciled to the deposit slip. Since deposits slips are mailed to the bank, OSAI recommends that a duplicate deposit slip be maintained. OSAI further recommends that the District establish a policy in regard to the account balances after partial payments of runs and that all write-offs be approved by the District Board and recorded in the District's minutes.

**Views of responsible officials and planned corrective actions:** We concur with the State Auditor's findings. We will implement procedures to correct these issues.

With respect to tracing runs from the dispatch log book to the run sheets, there were no findings.

6. We reconciled revenues on the Estimate of Needs to the bank deposits for each fiscal year.

There were no findings as a result of applying the procedures.

7. We traced amounts of ad valorem taxes remitted from the County Treasurer to the District reports.

There were no findings as a result of applying the procedures

8. We observed whether receiving goods and services, preparing claims, and issuing payments are performed by separate employees.

**Finding:** It was noted that receiving of goods and services, preparing claims, and issuing payments were not properly segregated to assure adequate internal control structure.

**Recommendation:** OSAI recommends management be aware of this condition and realize that the concentration of duties and responsibilities in a limited number of individuals is not desirable from a control point of view. An increased level of review of transactions, cross-training for the financial duties, and periodic rotation of financial duties are ways that some small entities try to manage the increased risk of irregularities in a small office.

**Views of responsible officials and planned corrective actions:** We concur with the State Auditor's finding. Management will perform a periodic review of these operations.

9. We reconciled checks issued as reported on the Estimate of Needs to the checks clearing the bank for each fiscal year.

There were no findings as a result of applying the procedures.

10. We reviewed the check register for total checks issued to identify missing and/or voided checks.

There were no findings as a result of applying the procedures.

11. We randomly selected 20 checks/warrants/vouchers in order to:

- Agree to invoices.
- Agree payee on cancelled check to vendor on invoice.
- Inspect the receiving report/invoice for signature of District employee who verified goods and/or services were received.
- Trace claim approval to District Board minutes.
- Agree that travel reimbursement was in accordance with District policy.

**Finding:** The following conditions were noted as a result of applying these procedures:

- i) Three of the 20 claims did not have an invoice attached to the claim.
- ii) Unable to agree payee on cancelled check to vendor on invoice for 3 of the 20 claims tested.
- iii) Invoices were not signed to indicate goods or services were received by the District.
- iv) One of the 20 checks selected for payment of travel reimbursement was not in accordance with District travel policy. The rate per mile charged was \$.42, but the District Board had approved a mileage reimbursement of \$.40. The claimant charged a per diem rate of \$35.00 per day, but the District has not adopted a policy for per diem reimbursement.

**Recommendation:** OSAI recommends an invoice be attached to the claim and signed by the District employee to indicate the goods or services were received, and that payee on cancelled check agree to vendor on invoice. OSAI also recommends that mileage reimbursement be in accordance with Board approval and that the District adopt a travel policy not to exceed the reimbursement guidelines in the state travel policy.



**Views of responsible officials and planned corrective actions:** We concur with the State Auditor's finding. Management will adopt a travel policy.

With respect to tracing claim approval to Board minutes, there were no findings.

12. We selected 100% of disbursements in excess of \$2,500 in order to:
- Agree to invoices.
  - Agree payee on cancelled check to vendor on invoice.
  - Inspect the receiving report/invoice for signature of District employee who verified goods and/or services were received.
  - Trace claim approval to District Board minutes.
  - For items in excess of \$7,500, we observe that bidding requirements were met.

**Finding:** The following conditions were noted as a result of applying these procedures:

- 1) Two of the 8 claims tested did not have an invoice attached to the claim.
- 2) Unable to agree payee on cancelled check to vendor on invoice for 2 of the 8 claims tested.
- 3) Invoices were not signed to indicate goods or services were received by the District.

**Recommendation:** OSAI recommends an invoice be attached to the claim and signed by the District employee to indicate the goods or services were received.

**Views of responsible officials and planned corrective actions:** Chose not to respond.

With respect to tracing claim approval to Board minutes, and observing that bidding requirements were met for items in excess of \$7,500, there were no findings.

13. We observed the Board members' coverage for Official Bond was included in the District's insurance policy.

There were no findings as a result of applying the procedures.

14. We randomly selected one payroll period and:
- Observed whether all employees prepared timesheets.
  - Inspected timesheets for signatures of employees and supervisors.

There were no findings as a result of applying the procedures.

15. We observed the publication notice of the District's Estimate of Needs.

There were no findings as a result of applying the procedure.

16. We observed whether expenditures exceeded appropriations in any budgeted category.

There were no findings as a result of applying the procedure.

17. We confirmed the District's policy regarding safeguarding of capital assets with the following criteria:

- o Observed the existence of an equipment inventory list.
- o Observed documentation of the conduct of a physical inventory.

There were no findings as a result of applying the procedures.

We were not engaged to, and did not, conduct an examination or a review, the objective of which would be the expression of an opinion or limited assurance on the cash, receipts, disbursements, personnel costs, capital assets, and long-term debt for the District. Accordingly, we do not express such an opinion or limited assurance. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Board of Trustees, Excise Board, and Legislative Officials and should not be used for any other purpose. This report is also a public document pursuant to the Oklahoma Open Records Act (51 O.S., § 24A.1 et seq.), and shall be open to any person for inspection and copying.

  
STEVE BURRAGE, CPA  
STATE AUDITOR & INSPECTOR

  
MICHELLE R. DAY, ESQ  
DEPUTY STATE AUDITOR & INSPECTOR

October 22, 2008



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