

**CANTON-LONGDALE
EMERGENCY
MEDICAL SERVICE
DISTRICT**

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

AGREED-UPON PROCEDURES REPORT



Oklahoma State Auditor
& Inspector

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

This publication is printed and issued by the State Auditor and Inspector as authorized by Article 10, § 9C (i) of the Oklahoma Constitution and as defined by 19 O.S. § 1704.3. Pursuant to 74 O.S. § 3105.B, ten (10) copies have been prepared and distributed at a cost of \$24.36. Copies have been deposited with the Publications Clearinghouse of the Oklahoma Department of Libraries.

STATE AUDITOR AND INSPECTOR

STEVE BURRAGE, CPA
State Auditor

MICHELLE R. DAY, ESQ.
Chief Deputy



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February 12, 2009

TO THE BOARD OF TRUSTEES OF THE
CANTON-LONGDALE EMERGENCY MEDICAL SERVICE DISTRICT

Transmitted herewith is the agreed-upon procedures report for the Canton-Longdale 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". The signature is written in a cursive, flowing style.

STEVE BURRAGE, CPA
STATE AUDITOR & INSPECTOR

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

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 three (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 an original 3 mills ad valorem levy to support the operation of the District. The County voted to repeal the personal property tax. The initiative provided that real property tax levies would be increased to make up for the loss of taxable personal property. Per Article 10, § 8A, with the repeal of personal property tax, the millage with the adjustment factor is now 3.17 mills. The Canton-Longdale Emergency Medical Service District is comprised of the Canton-Longdale School District, which includes portions of Blaine, Dewey and Major Counties 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.

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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

TO THE BOARD OF TRUSTEES OF THE
CANTON-LONGDALE EMERGENCY MEDICAL SERVICE DISTRICT

We have performed the procedures enumerated below, which were agreed to by management of the Canton-Longdale 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. Observe whether receipting, depositing, and reconciling functions were 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, and periodic rotation of financial duties are ways that some small entities try to manage the increased risk of improprieties in a small office.

Views of responsible officials and planned corrective actions: All business operations, deposit, purchases, claims and payments are reviewed by the Board every month. All checks issued are signed by two Board members.

OSAI Response: Timely detection may not be prevented with only monthly reviews.

5. Randomly select 24 runs from the dispatch log book in order to:
 - a. Trace to the run sheet.
 - b. Agree fee charged to fee schedule.
 - c. Trace run to billing records.
 - d. Trace receipt number from billing records to receipt.
 - e. Trace receipt to deposit slip.
 - f. Agree cash/check composition of deposits to the receipts issued.
 - g. Examine receipts to determine they are pre-numbered and issued in numerical order.
 - h. Agree date of receipts to date of deposit slip.
 - i. For any voided receipts, observed the original receipt.
 - j. Observe second billing and or list sent to collection agency if no payment was received.
 - k. Observe EMS Board authorization in the Board minutes if the amount was written off.

Finding: Funds were not deposited on the same day they were received. The District routinely made deposits every Friday.

Criteria: Title 62 O.S. 517.3.B. states, "The treasurer of every public entity shall deposit daily, not later than the immediately next banking day, all funds and monies of whatsoever kind that shall come into the possession of the treasurer by virtue of the office..."

Recommendation: OSAI recommends the District deposit funds the same day they are received.

Views of responsible officials and planned corrective actions: As per prior OSAI instructions, funds received are stamped "for deposit only" immediately as they are processed. We feel this is the best method for control and efficiency, especially with the low volume of incoming funds.

OSAI Response: State statutes require that monies be deposited daily. Further, effective internal controls require that all money receipted be deposited with the bank the same day or the business day immediately following.

With respect to procedures a, b, c, d, e, f, g, i, j, and k, there were no findings.

6. Reconcile revenue on the District's Estimate of Needs to bank credits/deposits for the two fiscal years.

Finding: Earnings from the Edward Jones investments were not reported in the Estimate of Needs for the period July 1, 2006 through June 30, 2008.

Recommendation: OSAI recommends all earnings from investments be reported in the Estimate of Needs, so as to provide accurate reporting of receipts.

Views of responsible officials and planned corrective actions: The Board will make sure the CPA who prepares the Estimate of Needs is aware of the need for the inclusion of earnings from investments.

Finding: Prior year certificate of deposit interest was included in current year budget.

Recommendation: OSAI recommends all earnings from investments be reported in the Estimate of Needs for the respective fiscal year.

Views of responsible officials and planned corrective actions: The Board will make sure the CPA who prepares the Estimate of Needs is aware of this.

7. We traced amounts of ad valorem taxes remitted from the County Treasurer to the District's revenue records.

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

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

Finding: The 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.

Views of responsible officials and planned corrective actions: The Board is aware of your operational concerns, but feels adequate controls are in place.

OSAI Response: 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 improprieties in a small office.

9. Reconcile warrants issued, as reported on the District's Estimate of Needs, to bank debits/checks clearing the bank for the period July 1, 2006 through June 30, 2008.

Finding: Warrants issued on the District's Estimate of Needs did not reconcile to the District's debit/checks clearing the bank for the period June 30, 2007.

Recommendation: OSAI recommends the Estimate of Needs include any outstanding checks from the prior year so as to properly account for receipts in the fiscal year.

Views of responsible officials and planned corrective actions: The Board will make sure the CPA used to prepare the Estimate of Needs is aware of this problem, and includes outstanding checks on future Estimate of Needs.

With respect to warrants issued to bank debits/checks clearing the bank for the period June 30, 2008, there were no findings.

10. We reviewed the District's warrant/check register report to identify missing and/or voided checks and obtained the disposition of missing or voided checks.

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

11. Randomly select 24 checks/warrants/vouchers in order to:
 - a. Agree to invoices.
 - b. Agree payee on cancelled check to vendor on invoice.
 - c. Inspect the receiving report/invoice for signature of District employee who verified goods and/or services were received.
 - d. Trace claim approval to District Board minutes.

Finding: Goods and services received were not verified with an employee's signature on any of the items tested.

Recommendation: OSAI recommends all invoices, tickets and/or statements documenting the District's disbursements be signed by an employee or official taking responsibility for verifying the goods or services were received.

Views of responsible officials and planned corrective actions: The employee or official, will now not only line item check goods received and check each item against the order and the packing slip, but will also sign each packing slip.

Finding: The District's Board minutes did not list the claims that were approved for payment.

Recommendation: OSAI recommends that the Board minutes reflect all bills individually that are approved for payment. The minutes should include the vendor, the purchase order/claim number, and the amount approved for payment.

Views of responsible officials and planned corrective actions: Every claim is reviewed by the Board at every meeting. Each payment is signed by two Board members. Every vendor claim is attached. We do not use purchase orders. All purchases over \$500.00 must have prior approval by the Board.

OSAI Response: The District Board minutes should reflect the specific individual claims reviewed and approved by the Board.

With respect to procedures a and b, there were no findings.

12. 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.

13. Randomly select one payroll period in order to:
 - a. Observe whether all employees prepared timesheets.
 - b. Inspect timesheets for signatures of employees and supervisors.

Finding: All employees prepared a timesheet; however, employees did not sign timesheets indicating verification of the hours worked for the month and supervisors do not indicate approval of timesheets.

Recommendation: OSAI recommends that the report be signed by the employee and by the administrator/director to attest to the accuracy and validity of the report.

Views of responsible officials and planned corrective actions: All timesheets are documented and submitted individually by each employee. The supervisor then verifies and balances every hour for every shift for the pay period. The Board will now also have each employee sign their time sheet.

14. We observed the publication notice of the District's Estimate of Needs and whether the District's expenditures exceeded its appropriations in budget category.

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

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

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

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

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

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

17. We observed insurance policies for the existence of coverage of capital assets.

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

18. We reviewed District Board minutes for any unusual items.

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

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

October 27, 2008



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