



CASHION EMERGENCY MEDICAL SERVICE DISTRICT

Statutory Report

For the fiscal year ended June 30, 2019

Cindy Byrd, CPA
State Auditor & Inspector

**CASHION EMERGENCY MEDICAL SERVICE DISTRICT
STATUTORY REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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February 22, 2021

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

Transmitted herewith is the audit report of Cashion Emergency Medical Service District for the fiscal year ended June 30, 2019.

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,



CINDY BYRD, CPA
OKLAHOMA STATE AUDITOR & INSPECTOR



**CASHION EMERGENCY MEDICAL SERVICE DISTRICT
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Presentation of Collections, Disbursements, and Cash Balances of District Funds for FY 2019

	<u>FY 2019</u>
Beginning Cash Balance, July 1	<u>\$ 137,396</u>
Collections	
Ad Valorem Tax	241,422
Miscellaneous	128
Total Collections	<u>241,550</u>
Disbursements	
Contract Payments	191,861
Maintenance and Operations	3,402
Audit Expense	7,760
Total Disbursements	<u>203,023</u>
Ending Cash Balance, June 30	<u>\$ 175,923</u>

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

Cashion Emergency Medical Service District
P.O. Box 7
Cashion, Oklahoma 73016

**TO THE BOARD OF DIRECTORS OF THE
CASHION 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 ended June 30, 2019 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 compliance with contract service providers.
- Determined whether the District's collections, disbursements, and cash balances for the fiscal year ended June 30, 2019 were accurately presented on the estimate of needs.

All information included in the records of the District is the representation of the Cashion 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 Cashion 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 Cashion 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

July 30, 2020

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SCHEDULE OF FINDINGS AND RESPONSES

Finding 2019-002 – Internal Controls and Noncompliance Over the Collections Process (Repeat Finding)

Condition: Upon inquiry of the Cashion Emergency Medical Service District’s (the District) Board members and a test of forty-four (44) ad valorem tax deposits, the following weaknesses were noted:

- Twenty-six (26) checks, were deposited between seven (7) and thirty (30) days after they were issued by Kingfisher County or Logan County.
 - Eleven (11) checks, totaling \$79,317.58 were received from Kingfisher County.
 - Fifteen (15) checks, totaling \$31,406.64 were received from Logan County.
- Five (5) checks, totaling \$6,337.87 were deposited more than thirty (30) days after they were issued by Logan County.

Cause of Condition: Policies and procedures have not been designed and implemented to ensure funds are deposited daily in accordance with 62 O.S. § 517.3B.

Effect of Condition: These conditions resulted in noncompliance with state statute and could result in errors and improprieties, unrecorded transactions, and misappropriation of assets.

Recommendation: The Oklahoma State Auditor and Inspector’s Office (OSAI) recommends that the District deposit all monies daily, in accordance with 62 O.S. § 517.3B.

Management Response:

Chairman of the Board: This is a repeat finding and we are aware of this situation. We will continue with the Board’s best mitigating strategies for our open Board meeting. The bank requires two (2) signatures for both checks and deposits which is a control measure put in place due to prior issues. Deposits and disbursements are handled in meetings when the parties required are available to comply with the bank requirements. The Board has discussed the findings and continues to agree that the process previously established provides the necessary controls to prevent reoccurrence of prior issues.

Auditor Response: OSAI agrees the Board has established mitigating controls over the depositing of funds; however, OSAI continues to recommend the District and Board comply 62 O.S. § 517.3B and deposit monies daily.

Criteria: The United State 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.

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

Accurate and timely recording of transactions

Transactions are promptly recorded to maintain their relevance and value to management in controlling operations and making decisions. This applies to the entire process or life cycle of a transaction or event from its initiation and authorization through its final classification in summary records. In addition, management designs control activities so that all transaction are completely and accurately recorded.

The GAO Standards – Section 2 – Objective 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 with laws and regulations apply to the entity. Management is expected to set objectives that incorporate these requirements

Title 62 O.S. § 517.3B states in part:

“The Treasurer of every public entity shall deposit daily, not later than the immediate next banking day...”

Finding 2019-005 – Internal Controls Over and Noncompliance Over Service Provider Contracts (Repeat Finding)

Condition: Upon inquiry of the District, observation of records, and a test of contract compliance, the following weaknesses were noted:

- The District did not pay the third-party service provider monthly as required by contract.
- The third-party service provider contract did not contain a “non-appropriation clause” or a provision for mutual ratification of renewal.
- The District paid \$12,070 for service for July 2018 (FY19); however, this payment was made with funds from FY18.
- The District paid \$12,070 for service for July 2019 (FY20); however, this payment was made from FY19 current year’s appropriations.

Cause of Condition: The District has not developed policies and procedures to ensure contracts are renewed on an annual basis and documented in the minutes. The District has developed policies and procedures to comply with provisions of the contract, contracts include a non-appropriation clause or a provision for mutual ratification of renewal, and funds are disbursed from the proper fiscal year.

Effect of Condition: These conditions resulted in noncompliance with §26(a) of Article 10 of the Oklahoma Constitution and 68 O.S § 3019. Additionally, these conditions could result in unrecorded

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transactions, misstated financial reports, clerical errors or misappropriation of funds not being detected in a timely manner.

Recommendation: OSAI recommends that the District design and implement policies and procedures to ensure the following internal controls over compliance with the service provider’s contract:

- The Board complies with provisions of the contract, including paying the service provider on a monthly basis, and
- The service provider contract contains a non-appropriation clause or a provision for mutual ratification of renewal.

Additionally, OSAI recommends that the District ensure all disbursements are paid from the proper fiscal year.

Management Response:

Chairman of the Board: The Board has established policies and procedures to review the contract within the legal guidelines to ensure there is enough time to either accept or withdraw. The contract is evergreen in renewing unless either party withdraws in writing within a specified timeframe. The acceptance or intent to withdraw will be clearly noted in the minutes when the review occurs. Current contract renewal was accepted and noted in the minutes dated July 9, 2020.

Criteria: The GAO Standards – Section 2 – Objective 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.

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.

To comply with the provisions §26(a) of Article 10 of the Oklahoma Constitution, contracts must contain a non-appropriation clause or a provision for mutual ratification of renewal as to not constitute debt.

Title 68 O.S. § 3019 states in part:

“...The several items of the estimate as made and approved by the excise board for each fiscal year shall constitute and are hereby declared to be an appropriation of funds for the

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several and specific purposes named in such estimate, and the appropriations thus made shall not be used for any other fiscal year or purposes whatsoever...”

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S·A·I
STATE AUDITOR & INSPECTOR



Cindy Byrd, CPA | State Auditor & Inspector

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