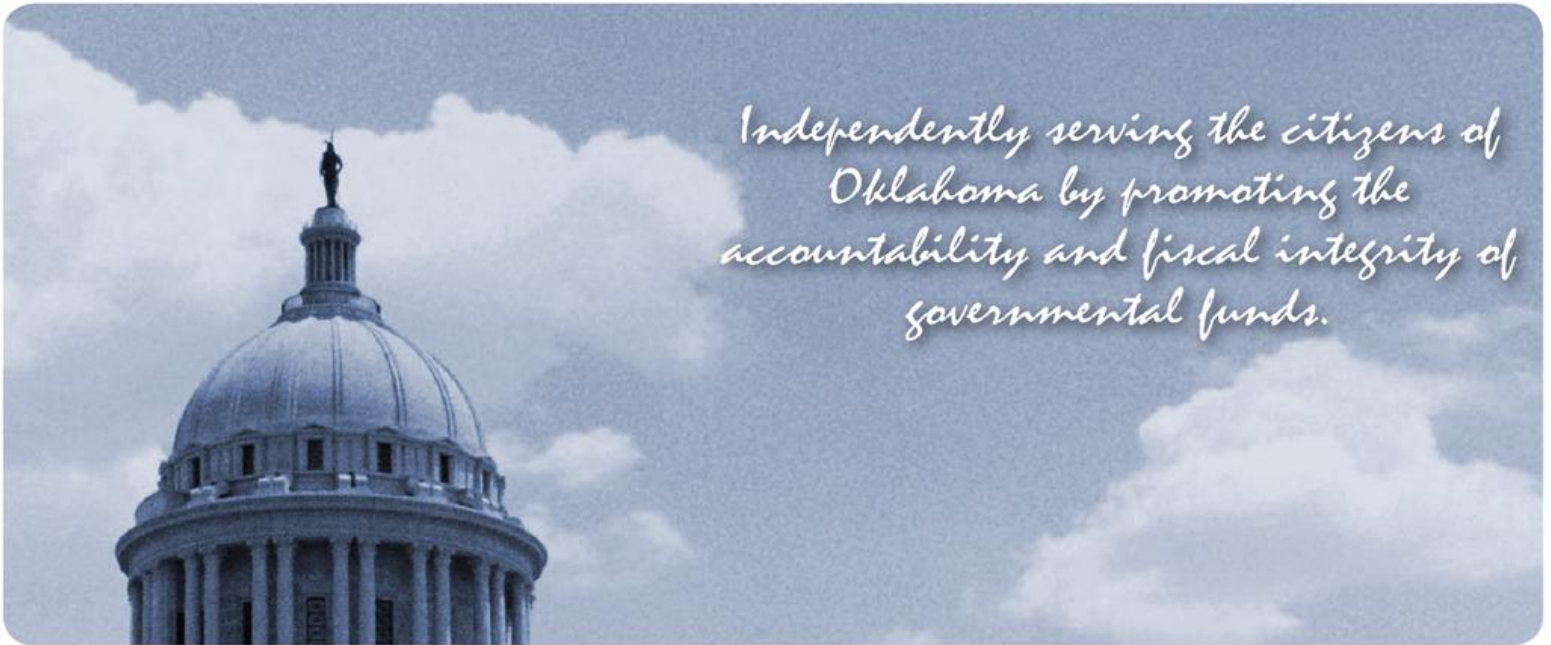


STATUTORY AUDIT

CASHION EMERGENCY MEDICAL SERVICE DISTRICT

For the period July 1, 2011 through June 30, 2013



Oklahoma State
Auditor & Inspector
Gary A. Jones, CPA, CFE

**CASHION EMERGENCY MEDICAL SERVICE DISTRICT
STATUTORY REPORT
FOR THE PERIOD JULY 1, 2011 THROUGH JUNE 30, 2013**

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) and in the Oklahoma Department of Libraries Publications Clearinghouse Digital Collection, pursuant to 74 O.S. § 3105.B.



Oklahoma State Auditor & Inspector

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

July 18, 2014

**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 period July 1, 2011 through June 30, 2013.

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

**CASHION EMERGENCY MEDICAL SERVICE DISTRICT
STATUTORY REPORT
FOR THE PERIOD OF JULY 1, 2011 THROUGH JUNE 30, 2013**

Presentation of Collections, Disbursements, and Cash Balances of District Funds for FY 2012 and FY 2013

	<u>FY 2012</u>	<u>FY 2013</u>
Beginning Cash Balance, July 1	<u>\$ 61,007</u>	<u>\$ 49,878</u>
Collections		
Ad Valorem Tax	136,671	128,282
Miscellaneous	<u>90</u>	<u>39</u>
Total Collections	<u>136,761</u>	<u>128,321</u>
Disbursements		
Contract Services	126,662	157,276
Personal Services	917	2,534
Maintenance and Operations	4,332	2,951
Audit Expense	<u>15,979</u>	<u>-</u>
Total Disbursements	<u>147,890</u>	<u>162,761</u>
Ending Cash Balance, June 30	<u><u>\$ 49,878</u></u>	<u><u>\$ 15,438</u></u>

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



Oklahoma State Auditor & Inspector

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

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 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 2012 and FY 2013 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 District Service.

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.

A handwritten signature in blue ink, appearing to read "Gary A. Jones". The signature is fluid and cursive, with a long horizontal stroke at the end.

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

March 3, 2014

**CASHION EMERGENCY MEDICAL SERVICE DISTRICT
STATUTORY REPORT
FOR THE PERIOD OF JULY 1, 2011 THROUGH JUNE 30, 2013**

SCHEDULE OF FINDINGS AND RESPONSES

Finding 2013-1—Inadequate Internal Controls Over Board Meeting Minutes

Condition: Upon review of Cashion Emergency Medical Service District’s (the District) minutes of Board meetings, we determined that the following weaknesses existed:

- Minutes for a Special Meeting held August 30, 2012 were not signed.
- Minutes for a Special Meeting held December 27, 2011 could not be located.
- Minutes for any meetings held after September 2012 and before July 2013 could not be located.

Cause of Condition: Policies and procedures regarding District Board meeting minutes have not been designed.

Effect of Condition: Failure to provide adequate internal controls over record keeping of Board minutes could result in inaccurate records and noncompliance with the Open Meetings Act.

Recommendation: The Oklahoma State Auditor & Inspector’s Office (OSAI) recommends that Board decisions regarding contracts, expenditures, and the Estimate of Needs be documented in Board meeting minutes. In addition, OSAI recommends that the Board meeting minutes be signed and maintained in a safe and secure location.

Management Response: The new Board members understand the requirements associated with the need for decisions regarding contracts, expenditures, and Estimate of Needs to be documented in the minutes and anticipates being able to comply with these requirements moving forward. The Board also anticipates being able to comply with the requirement to have minutes signed and maintained in a safe and secure location.

Criteria: Accountability and stewardship are overall goals of management in the accounting of funds. A component objective of an effective control system is to provide accurate and reliable information through proper documentation of the Board meetings.

Finding 2013-2—Inadequate Internal Controls Over the Revenue Process

Condition: The District receives ad valorem tax remittance checks from Kingfisher and Logan Counties. No other funds are collected by the District. Based upon inquiry and observation of the depositing and reconciling process, and the test of thirty remittance checks received by the District, the following weaknesses were noted:

- Twelve checks were not deposited within fourteen days of the issue date.
- Seven checks were not deposited within thirty days of the issue date.

**CASHION EMERGENCY MEDICAL SERVICE DISTRICT
STATUTORY REPORT
FOR THE PERIOD OF JULY 1, 2011 THROUGH JUNE 30, 2013**

- Four checks were not deposited within sixty days of the issue date.

Additionally, we noted that there is no evidence that the bank statement reconciliation is reviewed by someone other than the preparer.

Cause of Condition: Procedures have not been designed for receiving and depositing monies in a timely manner and an independent review of bank statement reconciliations.

Effect of Condition: These conditions could result in unrecorded transactions, misstated financial reports, clerical errors, or misappropriation of funds not being detected in a timely manner.

Recommendation: OSAI recommends that management be aware of these conditions by depositing remittance checks in a timely manner and providing evidence that reconciliations are reviewed for propriety.

Management Response: The new Board members understand the contractual requirements and will try to ensure that these requirements are met by making deposits on a monthly basis.

Criteria: Effective internal controls require oversight by management to provide assurance that checks are deposited in a timely manner and evidence of review of reconciliations is documented.

Finding 2013-3—Inadequate Internal Controls Over the Disbursement Process

Condition: Upon inquiry and observation of the disbursement process and the test of thirty-four checks for disbursement, we determined the following weaknesses existed:

- In seven instances the District did not have documentation of the amount paid to the service provider.
- In two instances the District did not have invoices supporting the disbursement.
- In ten instances the District could not locate the Board meeting minutes to document approval for disbursements.

Cause of Condition: Procedures have not been designed over the purchasing process to ensure adequate internal controls.

Effect of Condition: These conditions could result in unrecorded transactions, misstated financial reports, undetected errors, and misappropriation of funds.

Recommendation: OSAI recommends all invoices, calculation of contract payments, tickets and/or statements documenting the District's disbursements be obtained and signed by an employee or official taking responsibility for verifying the goods or services were received.. Furthermore, OSAI recommends that the Board minutes reflect each claim for payment to provide evidence of approval for payment. The

**CASHION EMERGENCY MEDICAL SERVICE DISTRICT
STATUTORY REPORT
FOR THE PERIOD OF JULY 1, 2011 THROUGH JUNE 30, 2013**

minutes should include the vendor, the purchase order/claim number, and the amount approved for payment.

Management Response: The Board understands the contractual requirements and will try to ensure that these requirements are met by making disbursements on a monthly basis, as applicable. We will document on the check stub the millage calculation amount along with associated deposit amounts and implement validation by a second Board member with signature authority. We will also require the Emergency Medical Service provider to prepare an invoice after the millage amount has been calculated to support the associated disbursement amount.

Criteria: Internal controls should be designed to analyze and check accuracy, completeness, and authorization of disbursements and/or transactions. To help ensure a proper account of funds, the duties of processing, authorizing, and distribution should be segregated.

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

Finding 2013-4—Inadequate Internal Controls Over Fixed Assets Inventory

Condition: Upon inquiry and observation, we determined the District did not perform an annual inventory during the period reviewed.

Cause of Condition: Procedures have not been designed for the accurate reporting of fixed assets.

Effect of Condition: This condition could result in inaccurate records, unauthorized use of fixed assets, and/or loss of fixed assets.

Recommendation: OSAI recommends that the District implement policies and procedures to accurately maintain fixed asset inventory records and segregate duties over inventory recordkeeping. Records should be maintained in such a manner that assets can be identified by serial number, date of acquisition, and purchase price. Further, an annual physical verification of assets should be performed and documented.

Management Response: The Board will perform a physical verification of all District assets and document findings in a list prior to the next regularly scheduled meeting. The asset listing will be reviewed for consideration of approval at the upcoming regularly scheduled meeting.

Criteria: An important aspect of internal controls is the safeguarding of assets, which includes adequate segregation of duties. 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 acquisition, use, or disposition of inventory and safeguarding inventory from loss, damage, or misappropriation.

**CASHION EMERGENCY MEDICAL SERVICE DISTRICT
STATUTORY REPORT
FOR THE PERIOD OF JULY 1, 2011 THROUGH JUNE 30, 2013**

Finding 2013-5—Inadequate Internal Controls Over Provider Contract Amounts

Condition: Upon inquiry of the District Treasurer, and review of the provider contract, we determined that there is inadequate Board review of the contractual obligations of the Cashion Emergency Medical Service District. The following weakness was noted:

- The calculation of the amount paid to the service provider is not clearly documented.

Per the agreement with the service provider signed December 27, 2011, “payment shall be made as such millage is received, but no later than 30 days following receipt thereof.”

- Of the eighteen months that the Cashion Emergency Medical Service District did receive money under this contractual agreement, there were six months in which the District did not make payments to the service provider.

Cause of Condition: Procedures have not been designed or implemented by the Board to ensure that contractual obligations for the Cashion Emergency Medical Service District are being fulfilled.

Effect of Condition: This condition could result in misuse or misappropriation of the District’s funds by the contractual service provider.

Recommendation: OSAI recommends that the District Board design and implement procedures to ensure the contractual obligations of the District are being met and payments made to the service provider are accurate. At a minimum, the following policies and procedures should be implemented.

- Payments made to the service provider should be calculated and reviewed and approved by someone other than the preparer.
- Payments to the service provider should be made within the time allowed in the contract.

Management Response: The previous Board did not release funds timely or consistently to the Emergency Medical Service Provider. The new Board members understand these requirements and will comply with them.

Criteria: Accountability and stewardship are overall goals of management in the accounting of funds. An effective internal control system provides accurate and reliable information through proper review and approval.

**CASHION EMERGENCY MEDICAL SERVICE DISTRICT
STATUTORY REPORT
FOR THE PERIOD OF JULY 1, 2011 THROUGH JUNE 30, 2013**

Finding 2013-6—Inadequate Internal Controls and Noncompliance Over the Audit Expense Account

Condition: Upon inquiry and observation of the funding of the audit expense account in the budgeting process, it was determined that adequate internal controls have not been designed and implemented to ensure the amount required by statute is correctly budgeted for the audit expense account.

The audit account of the 2012-2013 Estimate of Needs should reflect \$17,684.28 in appropriations dedicated for the audit of the Cashion Emergency Medical Service District; however, the amount presented on the Estimate of Needs is \$0.00.

Cause of Condition: Procedures have not been designed to ensure that the audit expense account is accurately budgeted in accordance with state statutory requirements.

Effect of Condition: This condition resulted in incorrect budgeting of the audit expense account and noncompliance with the state statute.

Recommendation: OSAI recommends that the District implement a system of internal controls to provide reasonable assurance that one-tenth mill upon the net total assessed valuation be set aside in the audit account and that any unused portion be lapsed into the next year audit account in accordance with 19 O.S. § 1706.1.

Management Response: The Board will communicate to the accountant the requirement of the millage for annual budget estimation purposes. The Board Secretary will communicate this prior to the next regularly scheduled meeting and inquire as to what time frame is needed to prepare for the next fiscal year.

Criteria: Accountability and stewardship are overall goals of management in the accounting of funds. An effective internal control system provides accurate and reliable information through proper review and approval.

Further, according to 19 O.S. § 1706.1, the District must appropriate the net proceeds of the one-tenth mill annual ad valorem levy upon the net total assessed valuation of the District for audit expenses.



OFFICE OF THE STATE AUDITOR & INSPECTOR
2300 N. LINCOLN BOULEVARD, ROOM 100
OKLAHOMA CITY, OK 73105-4896

WWW.SAI.OK.GOV