

STATUTORY REPORT

COAL COUNTY EMERGENCY MEDICAL SERVICE DISTRICT

For the fiscal year ended June 30, 2017



*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

**COAL COUNTY EMERGENCY MEDICAL SERVICE DISTRICT
STATUTORY REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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Oklahoma State Auditor & Inspector

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

January 30, 2018

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

Transmitted herewith is the audit report of Coal County Emergency Medical Service District for the fiscal year ended June 30, 2017.

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". The signature is written in a cursive, flowing style.

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

**COAL COUNTY EMERGENCY MEDICAL SERVICE DISTRICT
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Presentation of Collections, Disbursements, and Cash Balances of District Funds for FY 2017

	FY 2017
Beginning Cash Balance, July 1	\$ 94,102
Collections	
Ad Valorem Tax	286,779
Miscellaneous	64
Total Collections	286,843
Disbursements	
Contract for Services	295,000
Maintenance and Operations	5,192
Total Disbursements	300,192
*Transfer Out	19,053
Ending Cash Balance, June 30	\$ 61,700

Presentation of Collections, Disbursements, and Cash Balances of District County Sales Tax for FY 2017 Not Reported on the Estimate of Needs

	FY 2017
Beginning Cash Balance, July 1	\$ 138,661
Collections	
Sales Tax	57,181
Total Collections	57,181
Disbursements	
Contract for Services	180,000
Audit Expense	8,388
Total Disbursements	188,388
* Transfer In	19,053
Ending Cash Balance, June 30	\$ 26,507

*The collections and disbursements as presented above reflect county sales tax collected and disbursed separately from the amounts reported on the Estimate of Needs. However, sales tax collections were appropriated into the EMS-2 Account – Maintenance and Operations in error in the prior year. Therefore, a transfer was made from the EMS-2 Account – Maintenance and Operations Account in FY 17 to the EMS-3 Sales Tax in FY 18 to correct the error.



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Coal County Emergency Medical Service District
3 South Main
Coalgate, Oklahoma 74538

TO THE BOARD OF DIRECTORS OF THE COAL 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 2017 were accurately presented on the estimate of needs.

All information included in the records of the District is the representation of the Coal 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 Coal 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 Coal 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 line extending from the end of the name.

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

December 13, 2017

**COAL COUNTY EMERGENCY MEDICAL SERVICE DISTRICT
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SCHEDULE OF FINDINGS AND RESPONSES

Finding 2017-1 – Inadequate Internal Controls and Noncompliance Over Board Meeting Documentation (Repeat Finding)

Condition: Although, the Coal County Emergency Medical Service District (the District) had scheduled meetings for a twelve-month period, the following exceptions were noted:

- Board minutes for seven (7) regular monthly meetings could not be located, which included July 2016, August 2016, October 2016, January 2017, March 2017, April 2017, and June 2017.

Cause of Condition: Policies and procedures have not been designed and implemented to ensure adequate internal controls over the documentation and safekeeping of the District Board minutes and compliance with the state statute regarding the Open Meeting Act.

Effect of Condition: This condition resulted in noncompliance with the state statute regarding the Open Meeting Act concerning the existence and retention of Board meeting minutes. Failure to provide adequate internal controls over documentation and approval of District Board minutes could result in inaccurate records.

Recommendation: The Oklahoma State Auditor and Inspector’s Office (OSAI) recommends the District maintain written minutes in a secure location for all Board meetings to ensure compliance with Title 25 O.S. § 312.A.

Management Response:

Chairman of the Board: The Board minutes for each regularly scheduled meeting will be approved by the Board, signed by the Chairman, and filed with the County Clerk for safekeeping.

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.

Further, Title 25 O.S. § 312.A states, “The proceedings of a public body shall be kept by a person so designated by such public body in the form of written minutes which shall be an official summary of the proceedings showing clearly those members present and absent, all matters considered by the public body, and all actions taken by such public body. The minutes of each meeting shall be open to public inspection and shall reflect the manner and time of notice required by this act.”

Finding 2017-2 – Inadequate Internal Controls Over Disbursements Process (Repeat Finding)

Condition: Upon inquiry of the Board Chairman, observation of disbursement records, and the review of all (9) nine purchase orders submitted for payment for the fiscal year, the following exceptions were noted:

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- One (1) purchase order did not have proper supporting documentation attached. The invoice was from the City of Coalgate for contract service in the amount of \$100,000, but the District purchase order was issued and payment was made for \$75,000.
- Two (2) purchase orders did not have proper approval from the District Board. The purchase orders did not contain signatures from the District Board and there was not enough detail in the District Board meeting minutes to verify the approval of the purchase.

Cause of Condition: Policies and procedures have not been designed and implemented to ensure that purchase orders have proper documentation, proper approval from the Board, and that the correct amount is paid.

Effect of Condition: These conditions resulted in inaccurate records, incomplete information, and could result in misappropriation of assets.

Recommendation: OSAI recommends the District implement a system of internal controls to ensure that all disbursements are paid from a completed purchase order with proper supporting documentation and proper approval from the Board.

Management Response:

Chairman of the Board: The Board will approve all purchase orders and supporting documentation will agree with the amount of the check. Board minutes will reflect the approval of each disbursement and supporting documentation.

Criteria: Accountability and stewardship are overall goals of management in the accounting of funds. Effective internal controls are essential to help achieve the entity's objectives regarding the reliability of financial reporting. Such effective internal controls would include ensuring all claims are completed in their entirety, have supporting documentation related to disbursements attached to claim, proper approval by the governing Board, and that the correct amount is paid to the vendor.

Finding 2017-3 – Inadequate Internal Controls and Noncompliance Over Contract Services (Repeat Finding)

Condition: While reviewing the service provider contract between the District and the City of Coalgate, the following exceptions were noted:

- The contract requires the District to make payments to the City of Coalgate in the amount of \$500,00 each fiscal year. Our verification of payments resulted in the District paying \$25,000 less than the amount stipulated for services for the period.

Additionally, the District has not obtained financial reports from the service provider as stipulated in the contract.

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Cause of Condition: Policies and procedures have not been designed and implemented to ensure the District adhered to the terms of the service provider contracts. Additionally, policies and procedures have not been designed and implemented to ensure the contracts are properly executed.

Effect of Condition: These conditions resulted in noncompliance of the service provider contract terms and could result in misappropriation of funds regarding the amount of the contract and the execution of the contract between the District and the City of Coalgate.

Recommendation: OSAI recommends the Board design and implement policies and procedures to ensure compliance with the terms and conditions of the service provider contract and to ensure the contract is properly executed.

Management Response:

Chairman of the Board: The District will review and approve the annual contract with regard to compensation and the service provider will provide an annual financial report to the Board. Board minutes will reflect Board approval to any amendments to the contract.

Criteria: Accountability and stewardship are overall goals of management in the accounting of funds. 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 transactions and/or misappropriation of funds. Key factors in this system would include management ensure the provisions of the ambulance service contract are met and contracts are completed in their entirety and executed between the intended parties.

Further, Article 10 § 9C (a) states in part,

“The district board of trustees shall have the additional powers to hire manager and appropriate personnel, contract, organize, maintain or otherwise operate the emergency medical services....”



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