



# CREEK COUNTY EMERGENCY MEDICAL SERVICE DISTRICT

## Statutory Report

For the fiscal year ended June 30, 2018

**Cindy Byrd, CPA**  
State Auditor & Inspector

**CREEK COUNTY EMERGENCY MEDICAL SERVICE DISTRICT  
STATUTORY REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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April 3, 2019

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

Transmitted herewith is the audit report of Creek County Emergency Medical Service District for the fiscal year ended June 30, 2018.

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



**CREEK COUNTY EMERGENCY MEDICAL SERVICE DISTRICT  
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FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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**Presentation of Collections, Disbursements, and Cash Balances of District Funds for FY 2018**

	<u>FY 2018</u>
Beginning Cash Balance, July 1	\$ 4,137,806
Collections	
Ad Valorem Tax	1,402,046
Investment Interest	3,542
Charges for Services	3,827,767
Intergovernmental Revenue	<u>8,741</u>
Total Collections	<u>5,242,096</u>
Disbursements	
Personal Services	3,120,216
Travel	5,642
Maintenance and Operations	1,038,909
Capital Outlay	274,315
Audit Expense	<u>20,643</u>
Total Disbursements	<u>4,459,725</u>
Ending Cash Balance, June 30	<u>\$ 4,920,177</u>

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

Creek County Emergency Medical Service District  
123 East Hobson  
Sapulpa, Oklahoma 74066

**TO THE BOARD OF DIRECTORS OF THE  
CREEK 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 2018 were accurately presented on the estimate of needs.

All information included in the records of the District is the representation of the Creek 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 Creek 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 Creek County 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

February 14, 2019

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**SCHEDULE OF FINDINGS AND RESPONSES**

**Finding 2018-002 – Internal Controls Over the Collection and Receipting Process (Repeat Finding)**

**Condition:** Based upon inquiry of the Creek County Emergency Medical Service District (the District) staff and observation of the collection and receipting process, the following weaknesses were noted:

- The software system does not generate receipts that are prenumbered in sequential order; rather the receipt numbers are manually entered into the system.
- Receipts were deleted in the system rather than “voided” and the same receipt number was reissued.

Additionally, a change fund of \$100.00 in cash was maintained by an employee in a locked desk drawer; however, there was no evidence the change fund was verified daily by someone other than the employee issuing change for cash collections.

**Cause of Condition:** Policies and procedures have not been designed to ensure software controls are properly implemented to ensure prenumbered receipts are generated for all funds received to account for collections. Further policies and procedures have not been designed and implemented to provide evidence of daily verification of the change fund by someone other than the employee that maintains the change fund.

**Effect of Condition:** These conditions could result in unrecorded transactions, undetected account errors, and the misappropriation of funds not being detected in a timely manner.

**Recommendation:** The Oklahoma State Auditor and Inspector’s Office (OSAI) recommends management be aware of these conditions and realize that the most effective controls lie in management’s oversight of office operations and a periodic review of operations.

Further, OSAI recommends management ensure that software system receipting capabilities are restricted, or a log of receipts issued in error be maintained and approved by the supervisor in the event issuing prenumbered receipts for all collections cannot be issued in the system and provide evidence of daily verification of the change fund by someone other than the employee that maintains the change fund.

**Management Response:**

**Board Chairman:** The billing software has been petitioned numerous times regarding prenumbered receipts. As of this date there has been no progress on their part toward that development. A system is being developed to provide oversight for receipting problems, i.e., voiding receipts. A manual log kept in a central location will be implemented for the receipt keepers to log receipting issues. In addition, notes are maintained within the account regarding receipting problems.

Additionally, a log is being developed for daily oversight of the cash drawer. A second signature will be recorded for accuracy in the verification of cash.

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**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 to ensure a proper accounting of funds. As part of those internal controls, prenumbered receipts should be issued for all collections and the change fund should be verified daily.

**Finding 2018-003 – Internal Controls Over the Disbursement Process (Repeat Finding)**

**Condition:** Based upon inquiry of the District staff, and observation of forty (40) disbursements, the following weaknesses regarding the disbursement process were noted:

- Three (3) disbursements did not have any indication that goods and/or services had been received (i.e., receiving report, signature, etc.).

**Cause of Condition:** The District has designed, but not completely implemented policies and procedures to ensure proper documentation is attached to claims and the verification of the receipt of goods and/or services.

**Effect of Condition:** These conditions could result in unrecorded transactions, misstated financial reports, undetected errors, or misappropriation of funds. In addition, without proper receiving information, invoices could be processed for goods/services that were not received by the District or that were not for District purposes.

**Recommendation:** OSAI recommends the District implement a system of internal controls to ensure proper supporting documentation is maintained for management review to substantiate disbursements and evidence that goods and/or services received are verified.

**Management Response:**

**Board Chairman:** At present there are several purchase orders without supporting documentation, some are monthly, and others are quarterly. Upon the auditor's suggestion, a reference will be made to the subject matter or contract that the disbursement belongs with (contract or agreement) on the purchase order and evidence of receiving goods and/or services will be indicated on the invoice.

**Criteria:** Accountability and stewardship are overall goals of management in the accounting of funds. To help ensure a proper accounting of funds, key duties and responsibilities should be segregated among different individuals to reduce the risk of error or fraud. Internal controls should be established to analyze and check accuracy, completeness, authorization, and validity of transactions.



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**Finding 2018-004 – Internal Controls Over Timesheets and Payroll Process (Repeat Finding)**

**Condition:** Upon inquiry and observation of the payroll process, and a test of one payroll period, the following internal control weaknesses were noted:

- Nine (9) of the twenty (20) timesheets tested did not have evidence of supervisor review and approval.

**Cause of Condition:** Policies and procedures have not been designed and implemented to ensure that all timesheets have evidence of supervisor review and approval.

**Effect of Condition:** This condition could result in inaccurate recordkeeping and incorrect accrual of wage and leave benefits.

**Recommendation:** OSAI recommends the District ensure all employees prepare a timesheet, and that each timesheet is verified by the employee and supervisor for accuracy for each payroll period.

**Management Response:**

**Chairman of the Board:** Oversight has been re-emphasized to supervisors to verify timesheets daily. Timesheets are computer generated and checked routinely by the supervisors, but there have been issues in the past in that the supervisors have other priorities and have neglected the process of checking timesheets daily.

**Criteria:** Accountability and stewardship are overall goals of management in the accounting of funds. Effective internal controls are essential to provide reasonable assurance about the achievement of the entity's objectives with regards to the reliability of financial reporting. An important aspect of internal controls is to ensure timekeeping records are accurately prepared and reviewed for approval to provide reasonable assurance regarding prevention or timely detection of unauthorized transactions and/or misappropriation of funds.

**Finding 2018-005 – Internal Controls Over Fixed Assets Inventory**

**Condition:** Upon inquiry and observation of the fixed assets inventory process, the following internal control weaknesses were noted:

- One (1) item was properly donated and approved by the Board in April of 2017; however, it was not removed from the Master Inventory List in a timely manner.
- Four (4) fixed assets on the inventory list did not have purchase prices listed.
- One (1) item tested was not listed on the Master Inventory List.

**Cause of Condition:** Policies and procedures have not been designed and implemented to ensure fixed assets inventory is being properly accounted for, maintained, and updated regularly by the District.

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**Effect of Condition:** These conditions could result in errors and improprieties, unrecorded transactions, misappropriation of assets, or loss of District equipment.

**Recommendation:** OSAI recommends policies and procedures be designed and implemented to ensure fixed assets inventory is being updated on an ongoing basis. Furthermore, OSAI recommends physical inventory verification, by someone other than the individual in charge of inventory, be completed and documented annually to verify inventory on hand.

Further, OSAI recommends that all assets donated be approved by the Board and documented in the minutes.

**Management Response:**

**Board Chairman:** All items mentioned in the condition have been corrected. Closer attention to detail regarding the fixed assets inventory records will be emphasized on purchases germane to the fixed assets inventory.

**Criteria:** 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.

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S·A·I  
STATE AUDITOR & INSPECTOR



**Cindy Byrd, CPA | State Auditor & Inspector**

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