

STATUTORY REPORT

# CREEK COUNTY EMERGENCY MEDICAL SERVICE DISTRICT

For the fiscal year ended June 30, 2016



*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

**CREEK COUNTY EMERGENCY MEDICAL SERVICE DISTRICT  
STATUTORY REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

---

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](http://www.sai.ok.gov)) and in the Oklahoma Department of Libraries Publications Clearinghouse Digital Prairie Collection (<http://digitalprairie.ok.gov/cdm/search/collection/audits/>) pursuant to 65 O.S. § 3-114.



# Oklahoma State Auditor & Inspector

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

November 16, 2017

**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, 2016.

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 style with a long, sweeping tail on the letter "s".

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

**CREEK COUNTY EMERGENCY MEDICAL SERVICE DISTRICT  
STATUTORY REPORT  
JUNE 30, 2016**

---

**Presentation of Collections, Disbursements, and Cash Balances of District Funds for FY 2016**

	<u>FY 2016</u>
Beginning Cash Balance, July 1	\$ 3,373,402
Collections	
Ad Valorem Tax	1,260,831
Charges for Services	3,136,496
Intergovernmental	15,619
Miscellaneous	2,332
Total Collections	<u>4,415,277</u>
Disbursements	
Personal Services	2,961,873
Travel	2,181
Maintenance and Operations	845,727
Capital Outlay	293,168
Audit Expense	-
Total Disbursements	<u>4,102,949</u>
Ending Cash Balance, June 30	<u>\$ 3,685,730</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

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 2016 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.

A handwritten signature in blue ink that reads "Gary A. Jones". The signature is written in a cursive style with a long horizontal stroke at the end.

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

September 18, 2017

**CREEK COUNTY EMERGENCY MEDICAL SERVICE DISTRICT  
STATUTORY REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

---

**SCHEDULE OF FINDINGS AND RESPONSES**

**Finding 2016-1 – Inadequate Internal Controls and Noncompliance Over Audit Expense Budget Account (Repeat Finding)**

**Condition:** Based on inquiry of staff and observation of accounting records, the Creek County Emergency Medical Service (the District) did not appropriate the mandatory one-tenth mill to the audit expense budget account in the amount of \$43,576.24.

Additionally, the Estimate of Needs does not reflect the amount appropriated for the audit expense budget account of prior years' funds not carried forward in the amount of \$215,023.59.

The cumulative audit expense budget account including prior year funds not carried forward is underfunded in the amount of \$258,599.83.

**Cause of Condition:** Policies and procedures have not been designed and implemented to ensure the Estimate of Needs was prepared in accordance with 19 O.S § 1706.1.

**Effect of Condition:** This condition resulted in noncompliance with the state statute and the underfunding of the audit expense budget account. Further, balances from previous years were not properly carried forward.

**Recommendation:** The Oklahoma State Auditor and Inspector's Office (OSAI) recommends that the District design and implement policies and procedures to ensure that one-tenth mill upon the net total assessed valuation be set aside in the audit expense budget account, and that any unused portion be carried forward into the next year's audit expense budget account in accordance with 19 O.S § 1706.1.

**Management Response:**

**Chairman of the Board:** Due to the short duration of time between audits and findings, neither the service nor its Budget Maker/Accountant could determine the exact amount of monies to carry forward in the Estimate of Needs. The District will implement safeguards to specifically state the amount of funds to be designated for the Audit Expense Account.

**Criteria:** Title 19 O.S. § 1706.1 states in part, "The net proceeds of the one-tenth mill annual ad valorem levy upon the net total assessed valuation in any emergency medical service district for any year which shall be authorized and mandatorily required to be appropriated and dedicated to emergency medical service district audit ...."

**Finding 2016-2 – Inadequate Internal Controls Over the Billing Process (Repeat Finding)**

**Condition:** Based upon inquiry of District staff and observation of the billing process, and the test of forty (40) ambulance runs, the following exceptions were noted:

**CREEK COUNTY EMERGENCY MEDICAL SERVICE DISTRICT  
STATUTORY REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

---

- Six (6) ambulance runs tested had unpaid accounts over 365 days old that have not been sent to the collection agency.
- The District’s software system for billing ambulance runs did not generate pre-numbered receipts; therefore, receipt numbers were manually entered in the system.
- Receipts were deleted (backed out) instead of being “voided” and the receipt number was then re-issued.

**Cause of Condition:** Policies and procedures have not been designed and implemented to ensure that patient account receivable amounts are tracked and appropriately resolved in a timely manner. In addition, software controls are not properly designed and implemented to ensure all funds received by the District are properly accounted for in the District’s computer system.

**Effect of Condition:** The conditions of the receipting process could result in unrecorded transactions, undetected account errors, and the misappropriation of funds not being detected in a timely manner. Further, untimely collection of outstanding patient account balances could result in a loss of revenue for the District.

**Recommendation:** 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 mitigated to provide some assurance that all monies are properly documented and accounted for.

**Management Response:**

**Chairman of the Board:** An additional person has been hired to monitor and work on “Private Pay Accounts”. Also, an additional layer of the primary software has been added to help monitor these accounts. The District has repeatedly requested the primary Accounts Payable Software vendor to provide pre-numbered receipts. As of this date, no answer has been forthcoming. Receipts are no longer deleted from the system.

**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 safeguarding assets from misappropriation. To help ensure a proper accounting of funds, the District should determine that uncollected patient accounts have been sent to the collection agency for payment, pre-numbered receipts are issued from the District’s computer system and receipts are not deleted, but voided to provide an audit trail of patient account receivable activity.

**Finding 2016-3 – Inadequate Internal Controls and Noncompliance Over the Disbursement Process (Repeat Finding)**

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



**CREEK COUNTY EMERGENCY MEDICAL SERVICE DISTRICT  
STATUTORY REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

---

- Employee garnishments and automatic withdrawals (i.e., annual fees) from the District's operating account did not have supporting documentation (i.e., invoice, etc.) to ensure the disbursement was an appropriate and valid expense of the District.
- Seven (7) disbursements did not have any indication that goods and/or services had been received (i.e., receiving report, signature, etc.).

In addition, we reviewed the District's credit card statements and/or invoices for a four (4) month period and noted the following weaknesses regarding the disbursement process:

Of the twelve (12) statements and/or invoices tested, the following exceptions were noted:

- Seven (7) statements/invoices 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 not designed and implemented policies and procedures to ensure proper documentation, approval, and appropriateness of disbursements and 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 that the District implement a system of internal controls to ensure all items received are reviewed for accuracy, and that all disbursements have Board approval and proper supporting documentation maintained for management review and audit purposes.

**Management Response:**

**Chairman of the Board:** The District will issue a purchase order for every expense recorded and the available supporting documentation will be provided. The District will emphasize and double-check that signatures are produced when goods or services are received. The receipt itself will be initialed/signed and the Director or her designee will confirm the purchase or service provided.

**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. To help ensure a proper accounting of funds, the District should issue purchase order for each disbursement that are approved by the District Board, provide evidence of the receipt of goods and services and provide documentation to support each disbursement.

**CREEK COUNTY EMERGENCY MEDICAL SERVICE DISTRICT  
STATUTORY REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

---

**Finding 2016-4 – Inadequate Internal Controls Over Timesheets and the Payroll Process**

**Condition:** Upon inquiry of District staff and observation of the payroll process, and a test of one payroll period which included twenty (20) employees, the following internal control weaknesses were noted:

- Salaried employees did not prepare timesheets nor maintain leave balance reports for either the software system or the staff file spreadsheet, which were reconciled monthly.
- For the payroll period tested, we could not locate two (2) employees' confirmation (via email) of days worked.
- Shift Supervisors did not approve work schedule sheets, which were used to confirm each day's attendance of employees.

**Cause of Condition:** Policies and procedures have not been designed and implemented to ensure that all employees submit a timesheet and track leave balances and a supervisor verifies the accuracy of timesheets and work schedules.

**Effect of Condition:** These conditions could result in inaccurate payroll and leave recordkeeping and incorrect accrual of wage and leave benefits.

**Recommendation:** OSAI recommends the District ensure all employees prepare a timesheet and track leave balances, and that each timesheet is verified by the employee and supervisor for accuracy. OSAI also recommends the District develop written policies and ensure all compensation comply with the policies established by the EMS handbook.

**Management Response:**

**Chairman of the Board:** Effective 08/09/2016 the District purchased a clock in, scheduling software. Shift Supervisors are monitoring the daily schedule for accuracy.

Effective 09/01/2017, management and salaried individuals are required to clock in. Management is aware that at times these individuals work from home and will take appropriate steps for verification of leave time levels.

**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 regarding the reliability of financial reporting. An important aspect of internal controls is to ensure timekeeping records including leave records are accurately prepared to provide reasonable assurance regarding prevention or timely detection of unauthorized transactions and/or misappropriation of funds.



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

**[WWW.SAI.OK.GOV](http://WWW.SAI.OK.GOV)**