



CRESCENT EMERGENCY MEDICAL SERVICE DISTRICT

Statutory Report

For the fiscal year ended June 30, 2018

Cindy Byrd, CPA
State Auditor & Inspector

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

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Cindy Byrd, CPA | State Auditor & Inspector

2300 N. Lincoln Blvd., Room 123, Oklahoma City, OK 73105 | 405.521.3495 | www.sai.ok.gov

January 21, 2020

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

Transmitted herewith is the audit report of Crescent 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,

A handwritten signature in blue ink that reads "Cindy Byrd".

CINDY BYRD, CPA
OKLAHOMA STATE AUDITOR & INSPECTOR



**CRESCENT EMERGENCY MEDICAL SERVICE DISTRICT
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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	\$ 61,598
Collections	
Ad Valorem Tax	76,668
Charges for Services	246
Miscellaneous	193
Total Collections	<u>77,107</u>
Disbursements	
Contract Services	84,351
Maintenance and Operations	13,265
Capital Outlay	16,384
Total Disbursements	<u>114,000</u>
Ending Cash Balance, June 30	<u>\$ 24,705</u>

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

Crescent Emergency Medical Service District
P.O. Box 233
Crescent, Oklahoma 73028-0233

**TO THE BOARD OF DIRECTORS OF THE
CRESCENT 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 for the fiscal year ended June 30, 2018 was 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, 2018 was accurately presented on the estimate of needs.

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

August 22, 2019

**CRESCENT EMERGENCY MEDICAL SERVICE DISTRICT
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SCHEDULE OF FINDINGS AND RESPONSES

Finding 2018-003 – Internal Controls and Noncompliance Over the Open Meeting Act (Repeat Finding)

Condition: Upon review of the Crescent Emergency Medical Service District (the District) Board minutes and agendas, the following weaknesses were noted:

- The District provided an amendment to the District by-laws that was approved on January 12, 2018; however, the discussion of the by-laws was not listed on the agenda and approval was not reflected in the Board minutes.
- The District did not notify the County Clerk of a change in the meeting time for a regularly scheduled meeting on April 13, 2018.

Cause of Condition: Policies and procedures have not been designed and implemented to provide adequate internal controls to ensure meetings are held on the dates and times scheduled and the Board discusses only those items listed on the agenda in compliance with state statutes.

Effect of Condition: These conditions resulted in noncompliance with the state statutes regarding the Open Meeting Act concerning meeting dates and times and only discussing items listed on the agenda.

Recommendation: The Oklahoma State Auditor & Inspector (OSAI) recommends the District Board design and implement policies and procedures to ensure meetings are held at dates and times filed with the County Clerk and ensure the Board only acts on items listed on the agenda as provided by the Open Meeting Act, 25 O.S. § 311.

Management Response:

Chairman of the Board: The Board was informed that issues could be addressed under new business; however, this was an oversight on the part of the Board and misunderstanding of the Open Meeting Act. We now know that practice is not allowed, and we will address issues that require approval by the Board as separate agenda items.

Further, the Board now understands it should cancel a regular meeting, if necessary. The Board will subsequently schedule a special meeting, rather than change the time of a regularly scheduled meeting.

Criteria: The United States 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 – 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.

Title 25 O.S. § 311(A)(8) states, “If any change is to be made of the date, time or place of regularly scheduled meetings of public bodies, then notice in writing shall be given to the Secretary of State or county clerk or municipal clerk, as required herein, not less than ten (10) days prior to the implementation of any such change.”

Title 25 O.S. § 311(B)(1) states, “All agendas required pursuant to the provisions of this section shall identify all items of business to be transacted by a public body at a meeting including, but not limited to, any proposed executive session for the purpose of engaging in deliberations or rendering a final or intermediate decision in an individual proceeding prescribed by the Administrative Procedures Act.”

Finding 2018-004 – Internal Controls and Noncompliance Over the Collections Process (Repeat Finding)

Condition: Based on inquiry of District Board members, observation of the collections process, and a test of four (4) days of ad valorem tax receipts issued to deposits made, the following weakness was noted:

- In one (1) instance receipts were not issued in sequential order.

Additionally, a test of thirty-three (33) ad valorem deposits, reflected the following weaknesses:

- In nineteen (19) instances ad valorem tax remittances totaling \$16,497.65 were deposited between seven (7) and forty-one (41) business days after the date the remittances were issued by the County.

Cause of Condition: Policies and procedures have not been designed and implemented to ensure that receipts are issued in sequential order for all funds received and deposited in a timely manner.

Effect of Condition: These conditions could result in errors and improprieties, unrecorded transactions, and misappropriation of assets and funds not being receipted and deposited in a timely manner.

Recommendation: OSAI recommends the District issue receipts in sequential order for all funds received and receipt and deposit all ad valorem tax remittances in a timely manner in accordance with 62 O.S. § 517.3 B.

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Management Response:

Chairman of the Board: The Board has determined the person making the deposits will issue the receipts. The Board will be more diligent in checking the post office box and making deposits in a timely manner. Checks will not be held for more than 10 to 14 days before they are deposited.

Auditor Response: OSAI recommends the Board members continue to segregate the duties of issuing receipts and deposits, and make deposits in a timely manner in accordance with 62 O.S. § 517.3 B.

Criteria: The GAO Standards – Principal 10 – Design and Control Activities – 10.03 states part:

Segregation of duties

Management divides or segregates key duties and responsibilities among different people to reduce the risk of error, misuse, or fraud. This includes separating the responsibilities for authorizing transactions, processing and recording them, reviewing the transactions, and handling any related assets so that no one individual controls all key aspects of a transaction or event.

Controls over information processing

A variety of control activities are used in information processing. Examples include edit checks of data entered; accounting for transactions in numerical sequences; comparing file totals with control accounts; and controlling access to data, files, and programs.

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.

Title 62 O.S. § 517.3 B states in part, “ the treasurer of every public entity shall deposit daily, not later than the immediately next banking day, all funds and monies of whatsoever kind that shall come into the possession of the treasurer by virtue of the office ...”

Finding 2018-005 – Internal Controls Over Fixed Assets Inventory (Repeat Finding)

Condition: Upon inquiries of Board members regarding the District’s fixed assets, the following exceptions were noted:

- The District has not performed a physical inventory to verify the fixed assets owned by the District.
- The District’s most current fixed assets inventory listing was dated for the fiscal year 2013-2014.
- The District did not conduct an annual verification of fixed assets.

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

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

Recommendation: OSAI recommends the Board determine the fixed assets owned by the District and design and implement policies and procedures to accurately maintain fixed assets inventory records. Records should be maintained in such a manner that all fixed assets are included, and ensure assets can be identified by serial number, date of acquisition, and purchase price. Additionally, an annual physical verification of fixed assets should be performed and documented.

Management Response:

Chairman of the Board: A copy of the most recent list of fixed assets inventory has been provided to the contract service provider for assistance in obtaining an updated list. The Board will be more diligent in verifying the fixed assets annually.

Criteria: The GAO Standards – Section 1 – Fundamental Concepts of Internal Control – OV2.24 states in part:

Safeguarding of Assets

Management designs an internal control system to provide reasonable assurance regarding prevention or prompt detection and correction of unauthorized acquisition, use, or disposition of an entity's assets.

The GAO Standards – Principal 10 – Design and Control Activities – 10.03 states part:

Segregation of duties

Management divides or segregates key duties and responsibilities among different people to reduce the risk of error, misuse, or fraud. This includes separating the responsibilities for authorizing transactions, processing and recording them, reviewing the transactions, and handling any related assets so that no one individual controls all key aspects of a transaction or event.

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