

**ELLIS COUNTY
EMERGENCY
MEDICAL SERVICE
DISTRICT**

**FOR THE PERIOD JULY 1, 2006
THROUGH JUNE 30, 2008**

EMS AGREED-UPON PROCEDURES



Oklahoma State Auditor
& Inspector

**ELLIS COUNTY EMERGENCY MEDICAL SERVICE DISTRICT
AGREED-UPON PROCEDURES REPORT
FOR THE PERIOD JULY 1, 2006 THROUGH JUNE 30, 2008**

This publication is printed and issued by the State Auditor and Inspector as authorized by Article 10, § 9C (i) of the Oklahoma Constitution and as defined by 19 O.S. § 1704.3. Pursuant to 74 O.S. § 3105.B, ten (10) copies have been prepared and distributed at a cost of \$24.22. Copies have been deposited with the Publications Clearinghouse of the Oklahoma Department of Libraries.

STATE AUDITOR AND INSPECTOR

STEVE BURRAGE, CPA
State Auditor

MICHELLE R. DAY, ESQ.
Chief Deputy



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May 1, 2009

TO THE BOARD OF TRUSTEES OF THE
ELLIS COUNTY EMERGENCY MEDICAL SERVICE DISTRICT

Transmitted herewith is the agreed-upon procedures report for the Ellis County Emergency Medical Service District for the period July 1, 2006 through June 30, 2008. The Office of the State Auditor and Inspector is committed to serving the public interest by providing independent oversight and by issuing reports that serve as a management tool to the State. Our goal is to ensure a government that is accountable to the people of the State of Oklahoma.

We wish to take this opportunity to express our appreciation for the assistance and cooperation extended to our office during the course of our engagement.

Sincerely,

A handwritten signature in blue ink that reads "Steve Burrage". The signature is written in a cursive style.

STEVE BURRAGE, CPA
STATE AUDITOR & INSPECTOR

**ELLIS COUNTY EMERGENCY MEDICAL SERVICE DISTRICT
FOR THE PERIOD JULY 1, 2006 THROUGH JUNE 30, 2008**

INTRODUCTION

Article 10, § 9C of the Oklahoma Constitution authorized the formation of emergency medical service districts and initially authorized a tax levy not to exceed 3 mills for the purpose of providing funds for the purpose of support, organization, operation, and maintenance of district ambulance services. District voters approved the formation of the District and an original 3 mills ad valorem levy to support the operation of the District. With the repeal of personal property tax, the millage with the adjustment factor is now 3.14 mills. The Ellis County Emergency Medical Service District is comprised of Ellis County and was created to provide ambulance service to all citizens.

Emergency medical service districts are governed by a board of trustees. The board of trustees (the board) has the power to hire a manager and other personnel, contract, organize, maintain, or otherwise operate the emergency medical service district. The trustees must act as a board when entering into contracts or other agreements affecting the district's welfare. Thus, actions taken by the board are voted on and approved by a majority of the trustees. The board of trustees' business meetings are open to the public. The board shall have the capacity to sue and be sued but shall enjoy immunity from civil suits for actions or omissions arising from the operation of the district. Such districts have the authority to charge fees for services, and accept gifts, funds, or grants.

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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

TO THE BOARD OF TRUSTEES OF THE
ELLIS COUNTY EMERGENCY MEDICAL SERVICE DISTRICT

We have performed the procedures enumerated below, which were agreed to by management of the Ellis County Emergency Medical Service District (the District), solely to assist you in evaluating the receipt and disbursement process, the safeguarding of capital assets, and in determining whether selected receipts and disbursements are supported by underlying records for the period July 1, 2006 through June 30, 2008. This agreed-upon procedures engagement was conducted in accordance with standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States of America. The sufficiency of these procedures is solely the responsibility of the specified parties in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

1. Observe whether receipting, depositing, and reconciling functions are performed by separate employees.

Finding: The receipting, depositing, and reconciling functions were not properly segregated to assure adequate internal control structure.

Recommendation: OSAI recommends management be aware of this condition and realize that the concentration of duties and responsibilities in a limited number of individuals is not desirable from a control point of view. The most effective controls lie in management's knowledge of office operations and periodic review of operations.

Views of responsible officials and planned corrective actions: Chose not to respond.

2. Randomly select 24 runs from the dispatch log book in order to:
 - A. Trace to the run sheet.
 - B. Agree fee charged to fee schedule.
 - C. Trace run to billing records.
 - D. Trace receipt number from billing records to receipt.
 - E. Trace receipt to deposit slip.
 - F. Agree cash/check composition of deposits to the receipts issued.
 - G. Examine receipts to determine they are pre-numbered and issued in numerical order.
 - H. Agree date of receipts to date of deposit slip.
 - I. For any voided receipts, observe the original receipt.

- J. Observe second billing and or list sent to collection agency if no payment was received.
- K. Observe District Board authorization in the Board minutes if the amount was written off.

Finding: As a result of applying the procedures, the following was noted:

- 1. Seventeen of the 24 runs were billed incorrectly by the third party billing service.
- 2. Six of the 24 runs tested did not have receipt dates that corresponded with deposit dates.
- 3. Eight of the 24 runs tested had not received a payment and there was no evidence of additional attempts to collect payment.

Recommendation: OSAI recommends that the Board establish policy and procedures to determine that charges are billed accurately, ensure receipt dates correspond with deposit dates, make daily deposits to maintain adequate internal controls over funds, and issue second billing in effort to collect payment for services.

Views of responsible officials and planned corrective actions: Chose not to respond.

With respect to procedures A, C, D, E, F, G, I, and K, there were no findings.

- 3. Agree all bank reconciliations performed during the year to the financial records.

Finding: There was no evidence of a bank reconciliation being performed for the months of June 2007 or June 2008.

Recommendation: OSAI recommends bank reconciliations be performed on a monthly basis to ensure accuracy of the financial records.

Views of responsible officials and planned corrective actions: Chose not to respond.

- 4. We confirmed with financial institutions all cash and cash equivalent balances and investment balances as of June 30.

There were no findings as a result of applying the procedures.

- 5. Compare District cash/cash equivalents in each financial institution to the fair market value of each financial institution's pledged collateral at January and June 2007 and 2008.

Finding: The District was underpledged \$15,570.51 at January 31, 2008.

Criteria: Title 62 O.S. § 511 states, "Any custodian of public funds of any kind or character, required by law to secure proper collateral before depositing public funds in a bank or trust company, shall hereafter, in depositing public funds in a bank or trust company whose deposits are insured by the Federal Deposit Insurance Corporation, be required to secure proper collateral only for sums deposited in excess of the amount of deposit insured by such Federal Deposit Insurance Corporation."

Recommendation: OSAI recommends all funds in excess of FDIC coverage (\$100,000) be secured by pledged collateral as set forth in 62 O.S. § 511.

Views of responsible officials and planned corrective actions: Chose not to respond.

With respect to the months of January 2007, June 2007, and June 2008, there were no findings.

6. We traced amounts of ad valorem taxes remitted from the County Treasurer to the District to deposit slips.

There were no findings as a result of applying the procedures.

7. Observe whether receiving goods and services, preparing claims, and issuing payments are performed by separate employees.

Finding: One individual is responsible for preparing claims and the payment of the claims.

Recommendation: OSAI recommends management be aware of this condition and realize that the concentration of duties and responsibilities in a limited number of individuals is not desirable from a control point of view. An increased level of review of transactions by the Board could provide effective oversight by management.

Views of responsible officials and planned corrective actions: Chose not to respond.

8. Randomly select 24 checks in order to:
 - A. Agree to invoices.
 - B. Agree payee on cancelled check to vendor on invoice.
 - C. Inspect the receiving report/invoice for signature of District employee who verified goods and/or services were received.
 - D. Trace claim approval to District Board minutes.

Finding:

- Three of the 24 expenditures observed had no evidence that the goods or services were received.
- None of the expenditures observed could be verified to the Board meeting minutes for Board approval of the payment. Minutes referred to a motion to pay bills, but no specific bill was mentioned.
- One of the 24 expenditures tested was to Bank of America for fuel and meals. It was noted that the claim reflected a \$29.00 late payment fee, a \$1.34 finance charge, and a \$45.00 membership fee. Further selection of the remaining Bank of America expenditures revealed additional late payment fees and finance charges were paid on the claims as well.

Recommendation: OSAI recommends the Board establish policy and procedures to approve the receipt of goods and services, and approval for payment of specific expenditures should be documented in the Board minutes. Additionally, policy and procedures should be established to ensure that late fees and finance charges are not applied to credit and payments.

Views of responsible officials and planned corrective actions: Chose not to respond.

With respect to procedures A and B, there were no findings.

9. We observed each Board member's coverage for Official Bond was included in the District's insurance policy.

There were no findings as a result of applying the procedures.

10. Randomly select one payroll period in order to:
 - A. Observe whether all employees prepared timesheets.
 - B. Inspect timesheets for signatures of employees and supervisors.

Finding: The District Administrator did not submit a timesheet for monthly salary or ambulance runs. The employees were paid hourly, but did not submit properly approved timesheets.

Recommendation: OSAI recommends the District establish policy and procedures for employees to submit timesheets signed by a supervisor.

Views of responsible officials and planned corrective actions: Chose not to respond.

11. We observed the publication notice of the District's Estimate of Needs and whether the District's expenditures exceeded its appropriations in budget category.

There were no findings as a result of applying the procedures.

12. Confirm the District's policy regarding safeguarding of capital assets with the following criteria:
 - A. Observe the existence of an equipment inventory list.
 - B. Observe documentation of the conduct of a physical inventory.

Finding: The District did not have a policy in regards to the safeguarding of capital assets. There was no documentation that a physical inventory had been conducted.

Criteria: Title 19 O.S. § 1718.A states, "A district shall maintain, according to its own accounting needs some or all of the funds and account groups in its system of accounts that are consistent with legal and operating requirements and as prescribed by the State Auditor and Inspector. The required funds may include, but not be limited to:

5. A ledger or group of accounts in which to record the details relating to the general fixed assets of the county."

Recommendation: OSAI recommends the Board evaluate its policies and procedures for recording, reporting, and inventory of its fixed assets and equipment as set forth in 19 O.S. § 1718.

Views of responsible officials and planned corrective actions: Chose not to respond.

13. We observed insurance policies for the existence of coverage of capital assets.

There were no findings as a result of applying the procedures.

14. Reconcile District records of revenue and expenditures to revenue and expenditures reported in the Estimate of Needs.

Finding: The District records reflected revenue of \$6,170.14 more than the Estimate of Needs for fiscal year ending June 30, 2007, and revenue of \$2,943.47 more than the Estimate of Needs for fiscal year ending June 30, 2008. The District records reflect expenditures of \$39.74 more than the Estimate of Needs for fiscal year ending June 30, 2007, and expenditures of \$3.04 less than the Estimate of Needs for fiscal year ending June 30, 2008.

Recommendation: OSAI recommends the District Board establish policy and procedures to review the Estimate of Needs for propriety and corrections.

Views of responsible officials and planned corrective actions: Chose not to respond.

We were not engaged to, and did not, conduct an examination or a review, the objective of which would be the expression of an opinion or limited assurance on the cash, receipts, disbursements, personnel costs, capital assets, and long-term debt for the District. Accordingly, we do not express such an opinion or limited assurance. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Board of Trustees, Excise Board, and Legislative Officials and should not be used for any other purpose. This report is also a public document pursuant to the Oklahoma Open Records Act (51 O.S. § 24A.1 et seq.), and shall be open to any person for inspection and copying.



STEVE BURRAGE, CPA
STATE AUDITOR & INSPECTOR

December 14, 2008



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