



GEARY EMERGENCY MEDICAL SERVICE DISTRICT

Statutory Report

For the fiscal year ended June 30, 2021

Cindy Byrd, CPA
State Auditor & Inspector

**GEARY EMERGENCY MEDICAL SERVICE DISTRICT
STATUTORY REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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January 18, 2023

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

Transmitted herewith is the audit report of Geary Emergency Medical Service District for the fiscal year ended June 30, 2021.

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

**GEARY EMERGENCY MEDICAL SERVICE DISTRICT
STATUTORY REPORT
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Presentation of Collections, Disbursements, and Cash Balances of District Funds for FY 2021

	<u>General Fund</u>	<u>Sales Tax Revolving Fund</u>
Beginning Cash Balance, July 1	\$ 1,027,087	\$ 112,940
Collections		
Ad Valorem Tax	217,059	-
Sales Tax Revenue	-	43,043
Miscellaneous	10,727	-
Total Collections	<u>227,786</u>	<u>43,043</u>
Disbursements		
Contract Service Provider	100,000	140,000
Maintenance and Operations	36,419	593
Capital Outlay	228,403	-
Audit Expense	7,372	-
Total Disbursements	<u>372,194</u>	<u>140,593</u>
Ending Cash Balance, June 30	<u>\$ 882,679</u>	<u>\$ 15,390</u>

Presented for informational purposes.

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Sales Tax

Sales Tax of July 1, 2017

On April 4, 2017, the voters of Blaine County approved a county sales tax of one-eighth of one percent (.125%) to become effective on July 1, 2017, and recurring thereafter for emergency medical services as may be necessary as deemed by the Board of County Commissioners of Blaine County and administered by them. This sales tax was established for the following 522 Emergency Medical Service Districts: Canton, Geary, Okeene and Watonga (Blaine County 522).

The sales tax is budgeted within the “E2 Geary EMS” account in the Blaine Co. Emergency Medical Service Fund. The Board submits a requisition to the Blaine County Clerk. The requisition is approved for payment by the Blaine County Board of County Commissioners. The Blaine County Clerk issues payment directly to the vendor for approved purchases.

For the fiscal year ended June 30, 2021, the Geary Emergency Medical Service District was allocated \$43,043 in sales tax appropriations and expended \$140,593 through the Blaine County Board of County Commissioners for ambulance service contract payments and a service contract for equipment.



Geary Emergency Medical Service District
P.O. Box 115
Geary, Oklahoma 73040

**TO THE BOARD OF DIRECTORS OF THE
GEARY 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, 2021 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 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, 2021 were accurately presented on the estimate of needs.

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

July 12, 2022

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

Finding 2021-001 – Lack of Internal Controls and Noncompliance Over Competitive Bidding for Equipment

Condition: Upon inquiry of the Geary Emergency Medical Service District (the District) Board members, observation, and review of documents regarding the competitive bidding process, the following exceptions were noted.

Two instances were noted in which the Board did not provide evidence of soliciting sealed bids for purchases of equipment in excess of the bid limit of \$15,000.

The first instance of noncompliance with the competitive bidding process reflected the following:

- The Board minutes of March 9, 2021 reflected the Board approved a request from the former ambulance service contract provider’s Director to pay for a “rebuild of a chassis for the GMC G-3500 ambulance” owned by the Board.
- The Board approved check number 1468 to Emergency Services Supply for \$82,815 dated March 12, 2021, for the rebuild of a chassis.
- No documentation of bids solicited or received by the Board was noted in Board minutes or included in the documentation of the expense.

The second instance of noncompliance with the competitive bidding process reflected the following:

- The Board minutes of August 11, 2020 reflected the former ambulance service contract provider’s Director was asked by the Board, “*to go out for bid, for the purchase of a new ambulance at “state bid rate” and sign up for the buying group (HGAC) Houston-Galveston Area Council.*”
- The Board minutes of May 18, 2021 reflected the former ambulance service contract provider’s Director presented the Board with an invoice for the purchase of a GMC G-3500 ambulance unit at a total cost of \$145,588. Check number 1476 dated May 21, 2021 to Emergency Services Supply was issued for this purchase; however, Board minutes did not reflect approval of this purchase.
- A contract with HGAC or evidence of the bidding process was not evidenced in documentation provided by the District to determine compliance with the competitive bidding process. Therefore, it appears the ambulance was not competitively bid.

Further, Board minutes of May 18, 2021, reflect the former ambulance service contract provider’s Director of the ambulance service contract provider reported the following:

“Simpson reported that additional costs are for the Stryker Power Pro Cot \$20,000 and the Stryker Power Load \$26,500.”

- There was no evidence that these items were solicited for bid by the Board.

Cause of Condition: The Board did not implement policies and procedures designed by state statute regarding competitive bidding requirements, which include the Board retaining documentation of competitive bidding documents and publication of solicitation.

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Effect of Condition: These conditions resulted in noncompliance with state statute and resulted in inaccurate records, incomplete information, and possible misappropriation of assets.

Recommendation: The Oklahoma State Auditor and Inspector’s Office (OSAI) recommends the Board design and implement policies and procedures for equipment purchases to be competitively bid in accordance with 19 O.S. § 1723.

Management Response:

Board Response: The Board will implement and adopt a policy and we will make sure that we follow that policy when purchasing equipment. This policy will follow the state statute requiring all purchases in excess of \$15,000 (now \$25,000) will be competitively bid.

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 the publication (GAO Standards) addresses controls in the federal government, this criterion can be treated as best practices and may be applied as framework for an internal control system for state, local, and quasi-governmental entities.

The GAO Standards – Section 2 – Objectives 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. Some entities may set objectives to a higher level of performance than established by laws and regulations.

Title 19 O.S. § 1723 requires the Board make equipment purchases in accordance with the county purchasing procedures as outlined in 19 O.S. § 1505, which requires all equipment purchases in excess of \$15,000.00 be competitively bid and that forms, and reports be retained for not less than two (2) years after all audit requirements for the state and federal government have been fulfilled and after any pending litigation involving forms and reports has been resolved. The competitive bidding required for equipment was increased to \$25,000 beginning November 1, 2021.

Finding 2021-004 – Lack of Internal Controls Over the Fixed Assets Inventory Records

Condition: Upon inquiry of the District Board members, observation, and review of documents regarding the fixed assets inventory records and physical verification of the fixed assets inventory list, the following exceptions were noted:

- There was no evidence of a physical verification of inventory of fixed assets performed.
- No policies and procedures were noted that a dollar threshold for accounting for fixed assets has been established by the Board.
- The fixed assets inventory list did not include identifying numbers or the purchase price of items.

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- The fixed assets inventory list did not include the ambulances owned by the Board, with identifying numbers and a purchase price.
- The fixed assets inventory list did not include the building owned by the Board or the purchase price.

Further, upon review of the District's insurance policy, we noted the following discrepancies:

- A 2006 Ford ambulance (VIN number 1FDWE35P86DB06051) that was listed on the District's insurance policy did not match the VIN number of the 2006 Ford ambulance physically verified by the auditor.
- A 2020 Chevrolet ambulance (VIN number 1GB3GRC74M1166046) physically verified by the auditor was not included on the District's insurance policy.

Cause of Condition: Policies and procedures have not been designed and implemented to ensure fixed assets inventory is properly maintained and updated through documentation and a periodic review by the District. Additionally, policies and procedures have not been designed and implemented to include a dollar limit for fixed assets inventory and documentation of annual verification of fixed assets inventory, including validation of VIN numbers to the fixed assets inventory and insurance verification documents.

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

Recommendation: OSAI recommends that policies and procedures be implemented to ensure fixed assets inventory is updated on an ongoing basis and the Board establish a dollar limit for the inclusion of fixed assets on a fixed assets inventory. Furthermore, OSAI recommends annual physical fixed assets inventory verification by someone other than the individual maintaining the fixed assets inventory. OSAI further recommends that all items included on the inventory be validated to the insurance verification of the VIN number.

Management Response:

Board Response : The Board will begin working on a current fixed assets inventory. This will include but not be limited to the building owned by the District, the 2006 Ford ambulance and the 2020 Chevrolet ambulance. We will also include the year purchased and the cost spent on each of the above items. The Board will also complete an inventory list that will contain our fixed assets and the serial numbers to match each asset. The Board will also continue to monitor the inventory list every year by the 522 Board, to ensure that all items are on the list are insured, and that the list is always updated.

Criteria: The GAO Standards – Principle 10 – Design Control Activities – 10.03 states in part:

Accurate and timely recording of transactions

Transactions are promptly recorded to maintain their relevance and value to management in controlling operations and making decisions. This applies to the entire process or life cycle of a transaction or event from its initiation and authorization through its final classification in summary records. In addition, management designs control activities so that all transactions are completely and accurately recorded.

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The GAO Standards — Section 2 – Objectives of an Entity - OV2.24 states:

Safeguarding of Assets

A subset of the three categories of objectives is the 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.

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S·A·I
STATE AUDITOR & INSPECTOR



Cindy Byrd, CPA | State Auditor & Inspector

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