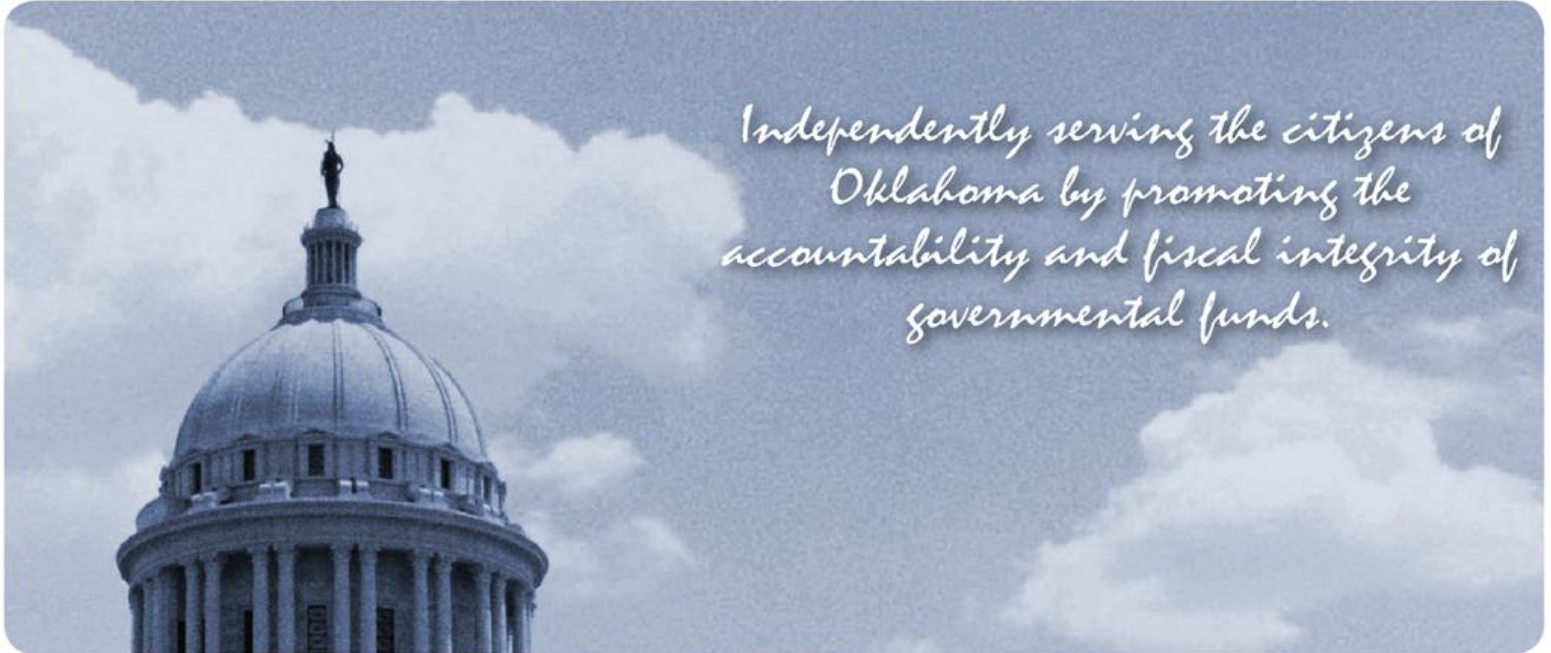


STATUTORY REPORT

GLENPOOL EMERGENCY MEDICAL SERVICE DISTRICT

For the period of July 1, 2013 through June 30, 2015



*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

**GLENPOOL EMERGENCY MEDICAL SERVICE DISTRICT
STATUTORY REPORT
FOR THE PERIOD OF JULY 1, 2013 THROUGH JUNE 30, 2015**

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Oklahoma State Auditor & Inspector

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

March 7, 2017

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

Transmitted herewith is the audit report of Glenpool Emergency Medical Service District for the period of July 1, 2013 through June 30, 2015.

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 fluid and cursive, with the first letters of each name being capitalized and prominent.

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

**GLENPOOL EMERGENCY MEDICAL SERVICE DISTRICT
STATUTORY REPORT
JULY 1, 2013 THROUGH JUNE 30, 2015**

Presentation of Collections, Disbursements, and Cash Balances of District Funds for FY 2014 and FY 2015

	<u>FY 2014</u>	<u>FY 2015</u>
Beginning Cash Balance, July 1	\$ 293,110	\$ 327,564
Collections		
Ad Valorem Tax	215,266	220,927
Miscellaneous	144	565
Total Collections	<u>215,410</u>	<u>221,492</u>
Disbursements		
Personal Services		9,622
Maintenance and Operations	180,956	161,363
Total Disbursements	<u>180,956</u>	<u>170,985</u>
Ending Cash Balance, June 30	<u>\$ 327,564</u>	<u>\$ 378,071</u>

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



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Glenpool Emergency Medical Service District
P.O. Box 70
Glenpool, Oklahoma 74033

TO THE BOARD OF DIRECTORS OF THE GLENPOOL 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 2014 and FY 2015 were accurately presented on the estimate of needs.

All information included in the records of the District is the representation of the Glenpool 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 Glenpool 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 Glenpool 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 fluid and cursive, with the first name "Gary" being the most prominent.

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

February 6, 2017

**GLENPOOL EMERGENCY MEDICAL SERVICE DISTRICT
STATUTORY REPORT
JULY 1, 2013 THROUGH JUNE 30, 2015**

SCHEDULE OF FINDINGS AND RESPONSES

Finding 2015-1 –Inadequate Internal Controls and Noncompliance Over Audit Expense Budget Account (Repeat Finding)

Condition: Upon inquiry and observation of the budgeting process, it was determined that internal controls have not been designed or implemented to ensure the amount required by statute is correctly budgeted for the audit budget account.

Fiscal Year	Amount Calculated to Lapse	Amount Lapsed by District	1 /10th of one Mill	Ending Balance Should be	District's Ending Balance	Variance Over/(Under)
FY 2014	\$30,758.26	\$0.00	\$ 6,980.34	\$ 37,738.60	\$0.00	(\$ 37,738.60)
FY 2015	(\$37,738.60)	\$0.00	\$7,179.71	\$44,918.31	\$8,000.00	(\$36,918.31)

It was further noted that the District has not carried forward the balance into the audit expense budget account each fiscal year. As a result, the District's balance in the audit expense budget account as of June 30, 2015 was \$8,000.00. However, the correct balance should have been \$44,918.31; thus leaving an underfunded balance of (\$36,918.31).

Cause of Condition: Policies and procedures have not been designed and implemented to ensure the audit expense budget account is accurately budgeted in accordance with statutory requirements.

Effect of Condition: These conditions resulted in noncompliance with the state statute and the audit expense account being underfunded.

Recommendation: OSAI recommends the District implement a system of internal controls to provide reasonable assurance 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 audit account in accordance with 19 O.S. § 1706.1.

Management Response: Time constraints between adoption of the fiscal year 2014 budget in 2013 and receipt of the fiscal year 2013 OSAI finding provided in October, 2014, precluded the ability to take corrective action in fiscal year 2014. A procedure for calculating the audit expense budget, including the carry-over amount in accordance with 19 O.S. § 1706.1 was implemented with the fiscal year 2017 adopted budget.

EMS District Chairman: The Chairman is in agreement with Management's response.

**GLENPOOL EMERGENCY MEDICAL SERVICE DISTRICT
STATUTORY REPORT
JULY 1, 2013 THROUGH JUNE 30, 2015**

Criteria: Accountability and stewardship are overall goals of management in the accounting of funds. A component objective of an effective internal control system is to provide accurate and reliable information through proper review and approval.

Further, according to 19 O.S. §1706.1, the District must appropriate the net proceeds of the one-tenth mill annual ad valorem levy upon the net total assessed valuation of the District for audit expenses .

Finding 2015-2 –Inadequate Internal Controls and Noncompliance Over the Estimate of Needs and Financial Statement (Repeat Finding)

Condition: The financial statement amounts presented on the Estimate of Needs and Financial Statement, included discrepancies in regard to the following information:

Fiscal Year 2014

- The beginning balance was \$7,141 less than the District’s financial records.
- The ending balance was \$7,445 less than the District’s financial records.

These documents were signed and approved by the District Board members.

Cause of Condition: Policies and procedures have not been designed and implemented to ensure the Estimate of Needs and Financial Statement is prepared in accordance with 19 O.S. § 1702 and balances with the Districts financial records.

Effect of Condition: This condition resulted in misstating the information on the District’s certified Estimate of Needs and Financial Statement for each fiscal year audited.

Recommendation: OSAI recommends the District design and implement policies and procedures to ensure the Estimate of Needs and Financial Statement is prepared in such a manner that the complete financial situation of the District is presented.

Management Response: It appears the error was a result of the requirement to submit the Estimate of Needs in accordance with the deadline specified in 68 O.S. § 3002, which is generally before the District’s year-end closing. Year-end adjusting entries to the District’s financial records resulted in a misstatement of the cash balance on the Estimate of Needs. The error was recognized and corrected in fiscal year 2015. The District acknowledges the importance of reconciling the Estimate of Needs with the Districts’ financial records, and strives to close out the fiscal year end prior to finalizing the Estimate of Needs.

EMS District Chairman: The Chairman is in agreement with Management’s response.

Criteria: Accountability and stewardship are overall goals of management in the accounting of funds. A component objective of an effective internal control system is to provide accurate and reliable information through proper review and approval.

**GLENPOOL EMERGENCY MEDICAL SERVICE DISTRICT
STATUTORY REPORT
JULY 1, 2013 THROUGH JUNE 30, 2015**

Title 19 O.S. § 1702(3) states in part that Districts should "...Make available to the public and investors sufficient information as to the financial conditions, requirements and expectations of the district..."

Finding 2015-3 –Inadequate Segregation of Duties and Internal Controls Over the Collection Process

Condition: While gaining an understanding of the receipting, depositing, and reconciling functions of the District, it was noted that one person performed the following duties:

- Received verification of deposits,
- Verified the receipt of collection at bank,
- Recorded the journal entries into the computer system, and
- Prepared the bank statement reconciliation.

Cause of Condition: Policies and procedures have not been designed and implemented to sufficiently segregate the collection process from the recording and reconciling processes to ensure the accurate accounting of all funds. Additionally, policies and procedures have not been designed and implemented to ensure the accuracy of the District's bank statement reconciliations.

Effect of Condition: A single employee having responsibility for more than one area of recording, authorization, custody of assets, and reconciliation could result in unrecorded transactions, misstated financial reports, clerical errors, or misappropriation of funds not being detected in a timely manner.

Recommendation: OSAI recommends management be aware of these conditions and realize that concentration of duties and responsibilities in a limited number of individuals is not desired from a control point of view. The most effective controls lie in management's oversight of office operations and a periodic review of operations. OSAI recommends management provide segregation of duties so that no one employee is able to perform all accounting functions. In the event that segregation of duties is not possible due to limited personnel, OSAI recommends implementing compensating controls to mitigate the risks involved with a concentration of duties. Compensating controls would include separating key processes and/or critical functions of the office, and having management review and approve accounting functions.

Management Response: Due to staffing limitations, it is difficult for the District to segregate all of the accounting functions. The District Treasurer is responsible for the receipting, depositing, and reconciling functions noted above. However, beginning in mid-fiscal year 2015, the District Administrator/Clerk began reviewing and approving journal entries and bank reconciliations prepared by the Treasurer. Further efforts will be made to increase the segregation of accounting functions by having the District Administrator/Clerk independently confirm the electronic deposit of ad valorem taxes and bank account interest revenues, which are virtually the entirety of the District's collections. Additional segregation of duties will be explored to further enhance the security of the District's assets.

**GLENPOOL EMERGENCY MEDICAL SERVICE DISTRICT
STATUTORY REPORT
JULY 1, 2013 THROUGH JUNE 30, 2015**

EMS District Chairman: The Chairman is in agreement with Management's response.

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 duties of revenue verification, recording, and reconciling should be segregated.

Finding 2015-4 – Inadequate Internal Controls Over Disbursements

Condition: During our examination of twenty-five (25) disbursements for each fiscal year, the following exceptions were noted:

Fiscal Year 2014:

- Eleven (11) disbursements did not have a receiving report or evidence of verification of goods and services.
- Twenty (20) disbursements had no indication of being approved by the Board prior to payment.

Fiscal Year 2015

- One (1) disbursement was not supported by an invoice.
- Ten (10) disbursements did not have a receiving report or verification for accuracy.
- Twenty-two (22) disbursements had no indication of being approved by the Board prior to payment.

Additionally, based on inquiry of the District's disbursement process the following exceptions were noted:

- Pre-printed electronic signatures were used as authorizing signatures, allowing check to be issued without any verification of accuracy.
- Authorizing signatures were those of individuals that receive compensation in the form of a payroll warrant, allowing for employees to receive payments without any independent authorization.
- Two signatures were not always present on warrants as required by informal policy.
- District funds were used to pay purchases made with the City of Glenpool's credit card.

Cause of Condition: Policies and procedures have not been designed to ensure all claims are filed with sufficient supporting documentation for recordkeeping and audit related needs. Additionally, policies and procedures have not been developed to ensure disbursements are incurred only for the lawful operation of the District.

**GLENPOOL EMERGENCY MEDICAL SERVICE DISTRICT
STATUTORY REPORT
JULY 1, 2013 THROUGH JUNE 30, 2015**

Effect of Condition: These conditions could result in inaccurate records, incomplete information or misappropriation of assets.

Recommendation: OSAI recommends the District implement a system of internal controls to ensure that all disbursements have proper supporting documentation, are made in accordance with contracts, and are for the lawful operation of the District.

Management Response: Because District employees receive a monthly salary rather than an hourly rate, there has been no formal process for submitting payroll claims. A procedure will be established to formally document employee payroll warrants.

Due to change in staffing, some records for reimbursing the City for First Responder expenses were misplaced. A formal archival system is now used to document all expenses, either electronically or through a standard procedure for archiving paper files at the end of each fiscal year.

The District Administrator/Clerk's signature may be printed electronically through the use of a password in the District's financial accounting software, but the Treasurer's signature is hand-stamped only by the Treasurer. The signature stamp is kept under lock and key at all times. However, in order to avoid the potential for misuse of the stamp, the Treasurer will hand-sign all checks effective August 31, 2016.

The only signatories on the bank account are the District Administrator/Clerk and the Treasurer. An additional signatory on the account will be added in the near future, which will allow for another party to sign the District payroll checks.

The District does not have a formal policy requiring two signatures on warrants, but strives to do so unless the absence of one of the signatories precludes the ability to obtain two signatures. A formal policy will be implemented, and obtaining an additional signatory on the account will be required and implemented in the near future.

The use of the City credit card to make District purchases has been discontinued effective August 31, 2016.

EMS District Chairman: The Chairman is in agreement with Management's response.

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 regard to the reliability of financial reporting. Key factors in this system are having supporting documentation maintained for record keeping and audit needs, ensuring expenditures are only incurred in accordance with state statute, and ensuring the proper approval of the Board for the operation of the District.



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