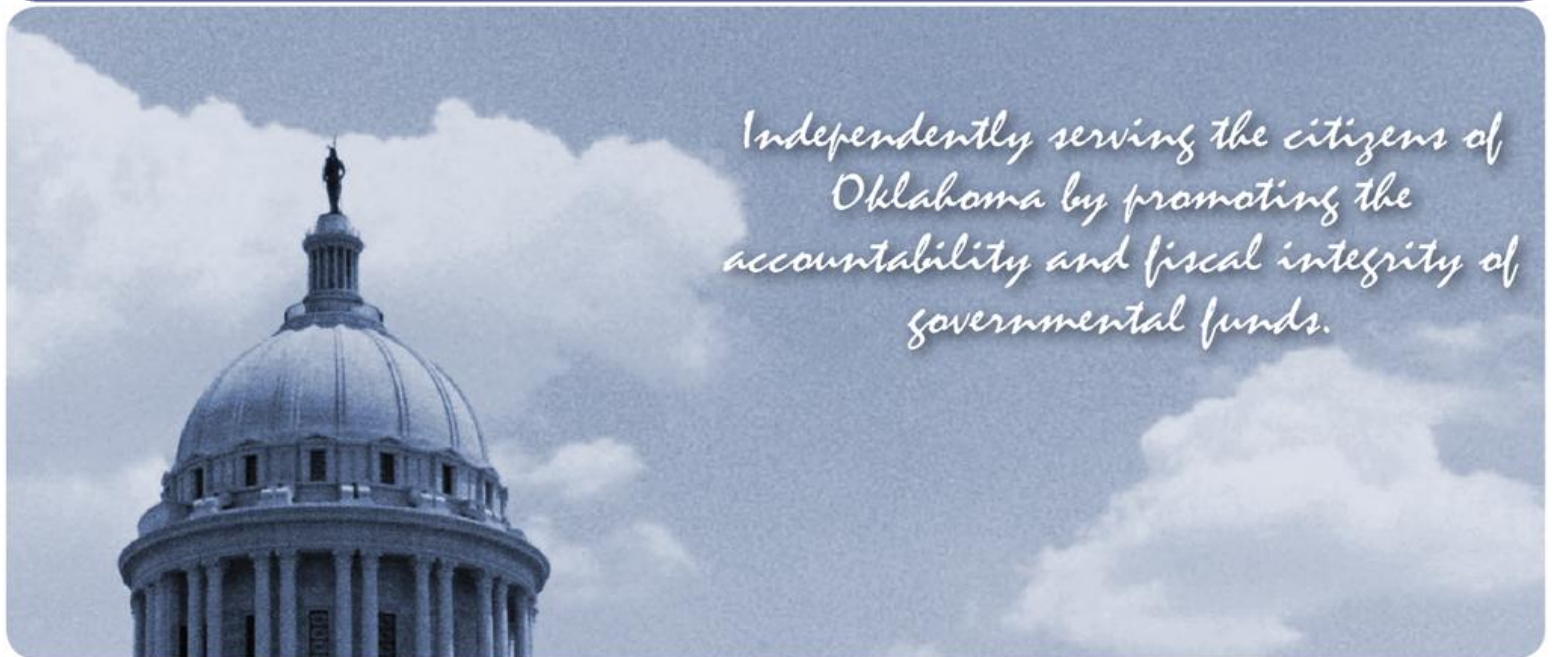


STATUTORY REPORT

GRADY EMERGENCY MEDICAL SERVICE DISTRICT

For the fiscal year ended 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

**GRADY EMERGENCY MEDICAL SERVICE DISTRICT
STATUTORY REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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) and in the Oklahoma Department of Libraries Publications Clearinghouse Digital Collection, pursuant to 74 O.S. § 3105.B.



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 10, 2016

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

Transmitted herewith is the audit report of Grady Emergency Medical Service District for the fiscal year ended 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 name "Gary" being the most prominent.

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

**GRADY EMERGENCY MEDICAL SERVICE DISTRICT
STATUTORY REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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

	<u>FY 2015</u>
Beginning Cash Balance, July 1	\$ 600,965
Collections	
Ad Valorem Tax	1,166,723
Miscellaneous	1,683
Total Collections	<u>1,168,406</u>
Disbursements	
Provider Contracts	59,015
Maintenance and Operations	62,551
Capital Outlay	375,898
Intergovernmental	826,783
Audit Expense	4,766
Total Disbursements	<u>1,329,013</u>
Ending Cash Balance, June 30	<u>\$ 440,358</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

Grady Emergency Medical Service District
2221 W. Iowa, Suite 2
Chickasha, Oklahoma 73018

TO THE BOARD OF DIRECTORS OF THE GRADY 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 2015 were accurately presented on the estimate of needs.

All information included in the records of the District is the representation of the Grady 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 Grady Emergency Medical Service District.

Based on our procedures performed, we have presented our finding in the accompanying schedule.

This report is intended for the information and use of the management of the Grady 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, appearing to read "Gary A. Jones". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

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

February 18, 2016

**GRADY EMERGENCY MEDICAL SERVICE DISTRICT
STATUTORY REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

SCHEDULE OF FINDINGS AND RESPONSES

Finding 2015–3 – Inadequate Internal Controls Over the Expenditure Process

Condition: While testing expenditures for the Grady County Emergency Medical Service District (the District), the following exceptions were noted:

- The District uses credit cards to make purchases from two local vendors. However, there is no statutory authority for an EMS to have a credit card. The cards are maintained by the Executive Director.

Additionally, during a test of twenty-five (25) disbursements, the following was noted:

- One (1) instance was noted in which the purchase order did not have adequate supporting documentation.
- Eight (8) instances were noted in which the purchase order did not have any evidence of receiving signature/verification of accuracy of the invoice.

Cause of Condition: Procedures have not been designed with regard to the disbursement process to ensure adequate internal controls over the expenditure of funds. This includes the incurrence of debt through credit cards, which is not permitted per the Oklahoma Constitution. Additionally, the use of credit cards also increases the risk of improper purchases going undetected.

Effect of Condition: These conditions resulted in noncompliance with the Oklahoma Constitution and the misuse of government funds. These conditions could also result in unrecorded transactions, misstated financial reports, undetected errors, and misappropriation of funds.

Recommendation: OSAI recommends management discontinue the use of all credit cards. Additionally, OSAI recommends that all purchase orders have adequate supporting documentation as well as a signed receiving report and verification of accuracy of the invoice.

Management Response:

EMS Board: The District is aware of the condition and will work to add mitigating controls of management review in order to mitigate the risk associated with having one employee perform these duties. The Board is aware of the use of credit cards and will work to add mitigating controls over the use of the cards to mitigate the risk associated with the use of these cards. Management will also implement procedures in regards to all documentation being attached to purchase orders along with receiving reports.

Criteria: Internal controls should be designed to analyze and check accuracy, completeness, and authorization of disbursements and/or transactions.

An aspect of internal control is the safeguarding of assets. Internal controls over safeguarding of assets constitute a process, affected by the entity's governing body, management, and other personnel, designed

**GRADY EMERGENCY MEDICAL SERVICE DISTRICT
STATUTORY REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

to provide reasonable assurance regarding prevention or untimely detection of unauthorized acquisition, use, or disposition of the entity's assets and safeguarding assets from loss, damage, or misappropriation.

Criteria: Effective internal controls require that management establish policies and procedures that detect and prevent abusive and unauthorized transactions. Furthermore, the Oklahoma statutes do not authorize Districts to utilize credit cards that are not statutorily approved.

Article 10 section 9C of the Oklahoma State Constitution allows only the sale of bonds as a manner for incurring debt, as follows;

“Any district board of trustees may issue bonds, if approved by a majority vote at a special election for such purpose.”



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

WWW.SAI.OK.GOV