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
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,

GARY A. JONES, CPA, CFE
OKLAHOMA STATE AUDITOR & INSPECTOR
Presentation of Collections, Disbursements, and Cash Balances of District Funds for FY 2015

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

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

February 18, 2016
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
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.”