



GROVE EMERGENCY MEDICAL SERVICE DISTRICT

Statutory Report

For the fiscal year ended June 30, 2019

Cindy Byrd, CPA
State Auditor & Inspector

**GROVE EMERGENCY MEDICAL SERVICE DISTRICT
STATUTORY REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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Cindy Byrd, CPA | State Auditor & Inspector

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

December 21, 2021

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

Transmitted herewith is the audit report of Grove Emergency Medical Service District for the fiscal year ended June 30, 2019.

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



**GROVE EMERGENCY MEDICAL SERVICE DISTRICT
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Presentation of Collections, Disbursements, and Cash Balances of District Funds for FY 2019

	<u>General Fund</u>
Beginning Cash Balance, July 1	\$ 402,764
Collections	
Ad Valorem Tax	543,196
Miscellaneous	<u>5,335</u>
Total Collections	<u>548,531</u>
Disbursements	
Contract for Services	279,120
Maintenance and Operations	12,966
Capital Outlay	<u>317,966</u>
Total Disbursements	<u>610,052</u>
Ending Cash Balance, June 30	<u>\$ 341,243</u>

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

Grove Emergency Medical Service District
701 East 13th Street
Grove, Oklahoma 74344

**TO THE BOARD OF DIRECTORS OF THE
GROVE 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, 2019 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 and 61 O.S. §101-139.
- 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, 2019 were accurately presented on the estimate of needs.

All information included in the records of the District is the representation of the Grove 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 Grove 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 Grove 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 "Cindy Byrd". The signature is written in a cursive, flowing style.

CINDY BYRD, CPA
OKLAHOMA STATE AUDITOR & INSPECTOR

November 16, 2021

**GROVE EMERGENCY MEDICAL SERVICE DISTRICT
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FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

SCHEDULE OF FINDINGS AND RESPONSES

Finding 2019-001 – Lack of Internal Controls and Noncompliance Over Board Official Bond Insurance

Condition: Upon inquiry of the Grove Emergency Medical Service District (the District) Board members and observation of insurance policies, the following weakness was noted:

- The Board has not purchased official bond insurance in an amount of \$10,000.00 or more for each Board member.

Cause of Condition: The official bond insurance to cover all Board members in the amount of \$10,000.00 for each member lapsed and was not renewed during the audit period.

Effect of Condition: This condition resulted in noncompliance with the Oklahoma Constitution.

Recommendation: The Oklahoma State Auditor and Inspector’s Office (OSAI) recommends the District purchase official bond insurance in an amount of \$10,000.00 or more for each Board member as required by Article 10 § Section 9C(a).

Management Response:

Chairman of the Board: Our bond insurance was increased to \$10,000.00 per Board member for seven (7) Board members for \$70,000.00 total bond insurance on November 18, 2021.

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 this publication (GAO Standards) addresses controls in the federal government, this criterion can be treated as best practices and may be applied as a 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.

Article 10 § 9C(a) of the Oklahoma Constitution states in part “... Such board of trustees shall have the power and duty to promulgate and adopt such rules, procedures and contract provisions necessary to carry out the purposes and objectives of these provisions and shall individually post such bond as required by the county commissioners, which shall not be less than Ten Thousand Dollars (\$10,000.00). ...”

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**Finding 2019-005 –Lack of Internal Controls and Noncompliance Over the Disbursement Process
(Repeat Finding)**

Condition: The Board minutes for fiscal year 2019 indicate the Board met four (4) times to review the financial activity of the District and conduct District business. The Board’s purchasing policy allows the Treasurer to issue checks for up to \$10,000.00 without prior Board approval.

Based upon the review of the Board minutes, the disbursements process, and a test of sixty (60) disbursements, the following exceptions were noted:

- Seventeen (17) disbursements were issued for amounts greater than \$10,000.00, including a check issued for the purchase of an ambulance, prior to Board approval.

Cause of Condition: Policies and procedures have not been designed and implemented to check completeness, authorization, and provide adequate documentation of the Board’s approval of disbursements in excess of \$10,000.00 prior to payment.

Effect of Condition: This condition resulted in noncompliance with the Board’s purchasing policy and could result in inaccurate records, incomplete information, or misappropriation of assets.

Recommendation: OSAI recommends that the Board comply with the purchasing policy and approve all disbursements greater than \$10,000.00 prior to payment. OSAI also recommends the Board minutes include the vendor, the purchase order/claim number, and the amount approved for payment.

Management Response:

Chairman of the Board: The Grove Emergency Medical Service District Board will pre-approve our automatic monthly transactions at our regularly scheduled Board meetings for the upcoming months between meetings.

Auditor’s Response: OSAI recommends the Board review the purchasing policy and design and implement policies and procedures to address the Board’s approval of all disbursements greater than \$10,000.00 prior to payment.

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

Appropriate documentation of transactions and internal control

Management clearly documents internal control and all transactions and other significant events in a manner that allows the documentation to be readily available for examination. The documentation may appear in management directives, administrative policies, or operating manuals, in either paper or electronic form. Documentation and records are properly managed and maintained.

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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

Board minutes dated September 29, 2016 states:

“G: Discuss the possibility for treasurer to make purchases up to \$ 10,000 dollars for bills as needed.”

After discussion, a Board member made a motion to approve the policy for bill payment, and the motion was seconded by another Board member. All Board members voted in favor approving the policy.

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STATE AUDITOR & INSPECTOR



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