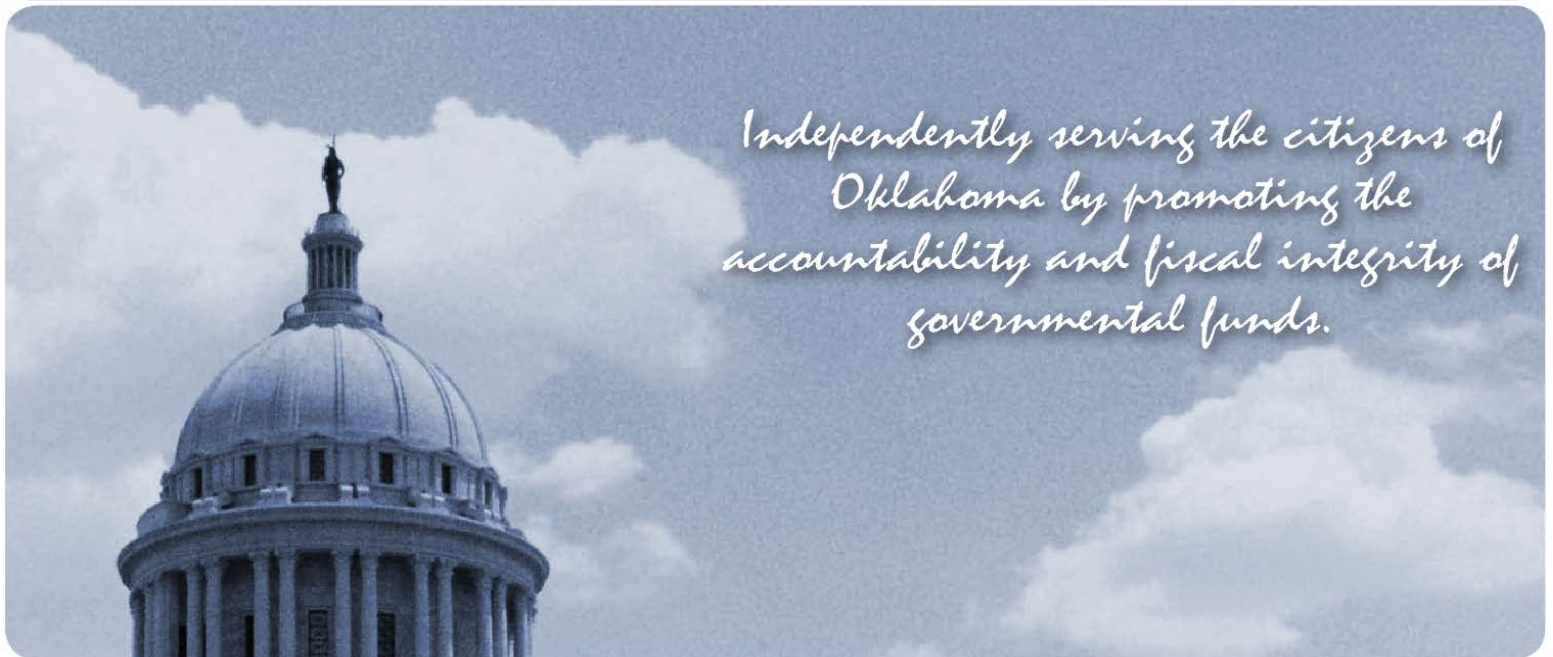


STATUTORY REPORT

GROVE 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

**GROVE 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 Prairie Collection (<http://digitalprairie.ok.gov/cdm/search/collection/audits/>) pursuant to 65 O.S. § 3-114.



Oklahoma State Auditor & Inspector

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

November 16, 2017

**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, 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 a long horizontal stroke at the end.

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

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

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

	<u>FY 2015</u>
Beginning Cash Balance, July 1	\$ 269,959
Collections	
Ad Valorem Tax	457,393
Interest	2,999
State grant	1,000
Total Collections	<u>461,392</u>
Disbursements	
Contract for Services	263,130
Maintenance and Operations	30,791
Capital Outlay	31,818
Audit Expense	1,892
Total Disbursements	<u>327,631</u>
Ending Cash Balance, June 30	<u>\$ 403,720</u>

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



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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 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 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 "Gary A. Jones". The signature is written in a cursive style with a long horizontal stroke at the end.

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

October 17, 2017

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

SCHEDULE OF FINDINGS AND RESPONSES

Finding 2015-1 – Inadequate Internal Controls Over the Disbursement Process (Repeat Finding)

Condition: Upon inquiry of Grove Emergency Medical Service District (the District) staff and a test of twenty-five (25) disbursements, we noted the following weaknesses regarding the disbursement process:

- One (1) disbursement (check #206) dated April 27, 2015, was to purchase an ambulance; however, the only supporting documentation was a copy of the Board minutes. No other supporting documentation was located.
- One (1) disbursement (check # 482) was voided; however, the check was not retained.
- Six (6) disbursements from the capital outlay account were not evidenced as being approved by the Board in the minutes (checks # 201, 202, 203, 204, 206, and 207).

Cause of Condition: The District has not designed and implemented policies and procedures to provide adequate supporting documentation of disbursements, Board approval of disbursements, and evidence to maintain voided checks.

Effect of Condition: These conditions could result in unrecorded transactions, misstated financial reports, undetected errors, or the misappropriation of funds.

Recommendation: The Oklahoma State Auditor and Inspector’s Office (OSAI) recommends that the District implement a system of internal controls to ensure adequate supporting documentation is maintained, all disbursements have Board approval in the Board minutes, and voided checks are retained.

Management Response:

Board Chairman: Procedures will be established where actual invoices will be required before checks are issued and voided checks will be retained.

Director Response: Concerning the six checks that were not approved by the Board; since the audit date, all monies should be spent through one account and approved by the Board; therefore, this has resolved itself.

Criteria: Accountability and stewardship are overall goals of management in the accounting of funds. Internal controls should be established to analyze and check accuracy, completeness, authorization and validity of transactions, including providing adequate documentation of disbursements, evidence of Board approval of disbursements and retaining voided checks.

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

Finding 2015-3 – Inadequate Internal Controls and Noncompliance Over the Service Provider Contract

Condition: Upon inquiry of District staff and observation of the service provider contract, the following exception was noted:

- Evidence of a service provider contract for the period July 1, 2014 through June 30, 2015 was not located. The District did have a contract for the period of July 1, 2013 through June 30, 2014; however, there was no contract for fiscal year 2014-2015.

Cause of Condition: Policies and procedures have not been designed and implemented to ensure the contracts are properly executed for each fiscal year.

Effect of Condition: This condition resulted in noncompliance of the ambulance service contract terms and could result in misappropriation of funds with regard to the amount of the contract and the execution of the contract between the District and the Contractor.

Recommendation: OSAI recommends the Board design and implement policies and procedures to ensure compliance with the terms and conditions of ambulance service contracts and to ensure the contract is properly executed each fiscal year.

Management Response:

Chairman of the Board: The Board reviews the contractor services in an ongoing method and has direct contact with an ambulance user on the adequacy and completeness of services provided. In 2015, the contract changed, so a new contract was signed. Also, the contract was an auto renewal in section 11 of this document.

Auditor Response: Although the contract was located, it was not for the period of July 1, 2014 through June 30, 2015. We recommend the District enter into contracts with the provider service for the fiscal year in accordance with Article 10 § 9C (a).

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/or misappropriation of funds. Key factors in this system would include management ensure the provisions of the ambulance service contract are met and contracts are completed in their entirety and executed for each fiscal year.

Further, Article 10 § 9C (a) states in part, "The district board of trustees shall have the additional powers to hire a manager and appropriate personnel, contract, organize, maintain or otherwise operate the emergency medical services...."



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

WWW.SAI.OK.GOV