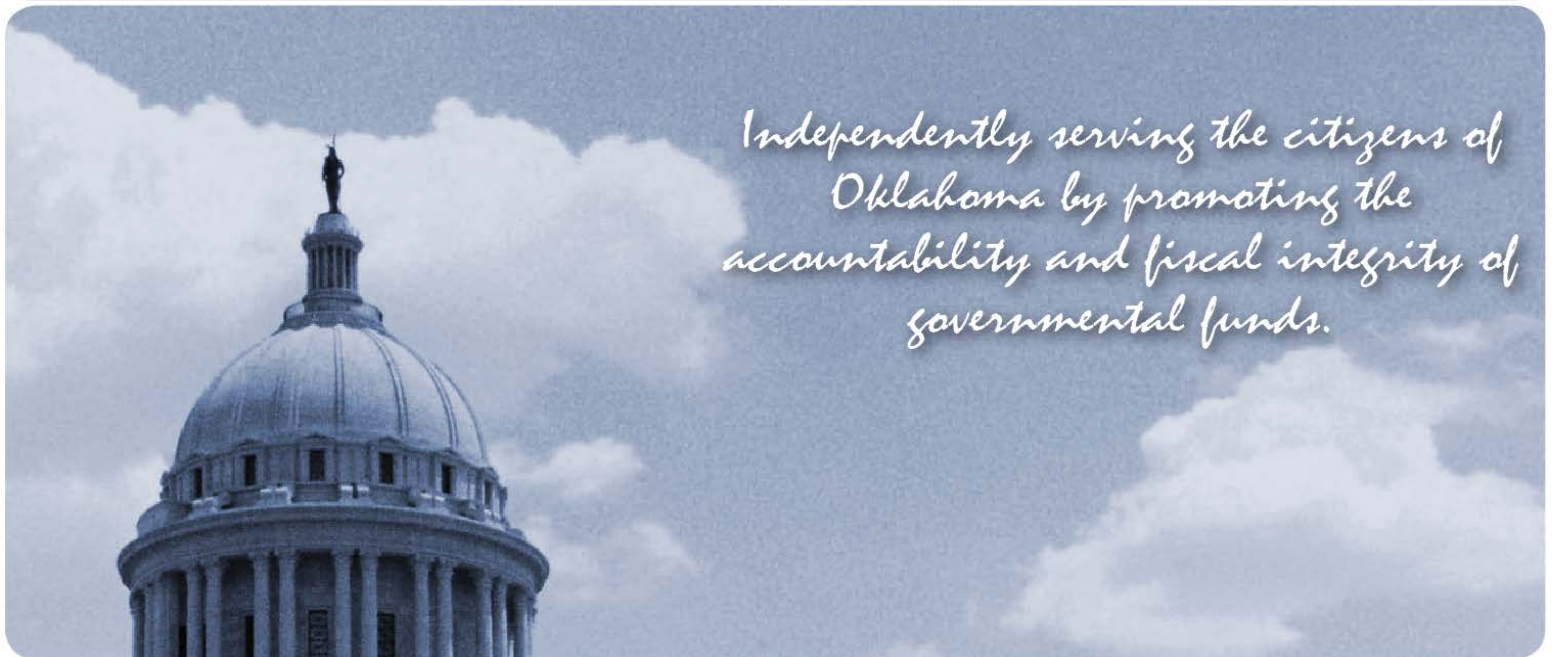


STATUTORY REPORT

# GROVE EMERGENCY MEDICAL SERVICE DISTRICT

For the fiscal year ended June 30, 2016



*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, 2016**

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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](http://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 17, 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 fiscal year ended June 30, 2016.

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 written in a cursive style with a long, sweeping tail on the letter "s".

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

**GROVE EMERGENCY MEDICAL SERVICE DISTRICT  
STATUTORY REPORT  
FOR THE FISCAL YEAR ENDED 30, 2016**

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**Presentation of Collections, Disbursements, and Cash Balances of District Funds for FY 2016**

	<u>FY 2016</u>
Beginning Cash Balance, July 1	\$ 403,720
Collections	
Ad Valorem Tax	517,459
Miscellaneous	11,276
State grant	4,000
Total Collections	<u>532,735</u>
Disbursements	
Contract for Services	268,370
Maintenance and Operations	29,210
Capital Outlay	43,839
Total Disbursements	<u>341,419</u>
Ending Cash Balance, June 30	<u>\$ 595,036</u>

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



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Grove Emergency Medical Service District  
701 East 13<sup>th</sup> 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 2016 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, 2016**

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**SCHEDULE OF FINDINGS AND RESPONSES**

**Finding 2016-1 – 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-eight (28) disbursements, we noted the following weakness regarding the disbursement process:

- Four (4) disbursements from the capital outlay and general account were not evidenced as being approved by the Board in the minutes (checks # 210, 4460, 4461, and 4462).

**Cause of Condition:** The District has not designed and implemented policies and procedures to provide Board approval of disbursements.

**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 all disbursements have Board approval in the Board minutes.

**Management Response:**

**Chairman of the Board:** Procedures will be redesigned to make certain all disbursements are presented to the Board for approval and reflected in the minutes.

**Director Response:** The check numbers 4660, 4661 and 4462 were from 2016 transactions and were inadvertently missed during the Board meeting. The checks will be approved at the next Board meeting. The check number 210 was from the capital outlay account and has since been incorporated into the regular fund; therefore, this issue has been resolved.

**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, evidence of Board approval of disbursements.

**Finding 2016-2 – Inadequate Internal Controls and Noncompliance Over the Competitive Bidding Process (Repeat Finding)**

**Condition:** Upon inquiry of District staff and observation of the competitive bidding process, the following exception were noted on the District's bidding process:

The District Minutes of May 23, 2016 reflect the Board discussed the purchase and subsequently purchased the following equipment:

**GROVE EMERGENCY MEDICAL SERVICE DISTRICT  
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- The Board solicited bids and published in the local newspaper a bid solicitation for a “2016 Chevy 3500 HD Ambulance.” The bid solicitation was brand specific as to the make and model of the ambulance.

**Cause of Condition:** Policies and procedures have not been designed and implemented in the bidding process to ensure adequate internal controls over the purchase of equipment and compliance with the state statute.

**Effect of Condition:** The Board solicited bids from a specific manufacturer which excluded other potential bidders from submitting bids. These conditions resulted in noncompliance with state statutes, and could result in unrecorded transactions, misstated financial reports, undetected errors, and misappropriation of funds.

**Recommendation:** OSAI recommends the District adhere to bidding procedures as required in state statutes. Bids should be solicited in such a manner that allows all vendors of a type of product to submit a bid.

**Management Response:**

**Chairman of the Board:** The bid on the ambulance was advertised before the prior audit findings were communicated to the District. After the prior audit findings were communicated, the District did implement policies to require that bids meet standards.

**Criteria:** Accountability and stewardship are overall goals of the Board in the accounting of funds. Effective internal controls are essential to provide reasonable assurance about the achievement of the entity’s objectives about reliability of financial reporting and compliance with applicable laws and regulations.

Further 19 O.S. § 1723 requires Districts to make equipment purchases in accordance with the county purchase procedures as outlined in 19 O.S. § 1501 and 1505.

**Finding 2016-3 – Inadequate Internal Controls and Noncompliance Over the Service Provider Contract (Repeat Finding)**

**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, 2015 through June 30, 2016 was not located. The District did have a contract for the period of September 1, 2015 through September 1, 2016; however, the dates were not based on the fiscal year of July 1, 2015 through June 30, 2016.

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



**GROVE EMERGENCY MEDICAL SERVICE DISTRICT  
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**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 the ambulance user on the adequacy of completeness of service provided.

**Director Response:** A contract was change in 2015 and a new contract was signed. Also, the contract has an auto renewal in section 11.

**Auditor Response:** Although the District did enter into a contract during fiscal year 2015-2016, the contract was not for the fiscal year and required by 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...."



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