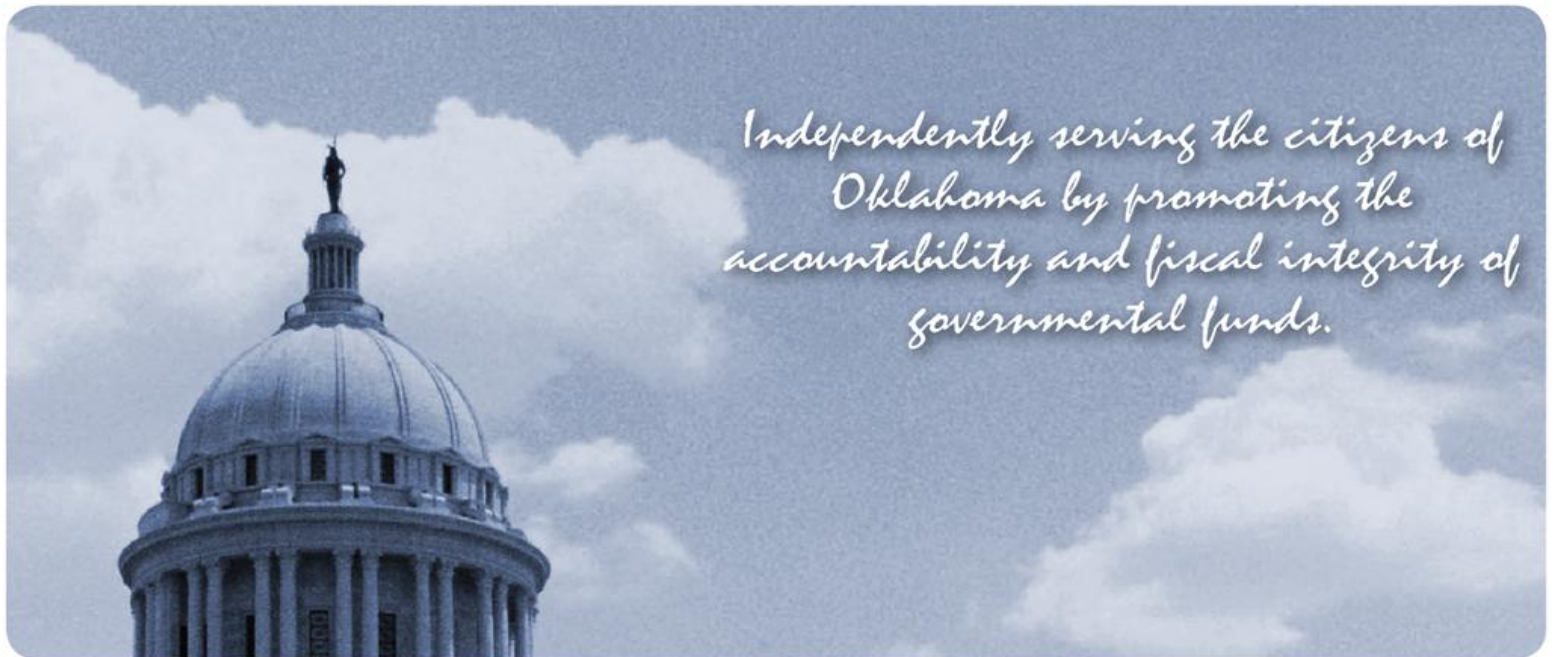


STATUTORY REPORT

GROVE EMERGENCY MEDICAL SERVICE DISTRICT

For the fiscal year ended June 30, 2014



Oklahoma State
Auditor & Inspector
Gary A. Jones, CPA, CFE

**GROVE EMERGENCY MEDICAL SERVICE DISTRICT
STATUTORY REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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Oklahoma State Auditor & Inspector

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

October 4, 2016

**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, 2014.

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
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Presentation of Collections, Disbursements, and Cash Balances of District Funds for FY 2014

	<u>FY 2014</u>
Beginning Cash Balance, July 1	\$ 538,508
Collections	
Ad Valorem Tax	441,429
Miscellaneous	<u>14,557</u>
Total Collections	<u>455,986</u>
Disbursements	
Personal Services	270,930
Maintenance and Operations	15,472
Capital Outlay	430,927
Audit Expense	<u>7,206</u>
Total Disbursements	<u>724,535</u>
Ending Cash Balance, June 30	<u>\$ 269,959</u>

*Note – The ending cash balance as reported at June 30, 2013 did not include the cash balance of the District’s Capital Outlay Fund of \$306,254.

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 fixed assets records were properly maintained.
- Determined whether the District's collections, disbursements, and cash balances for FY 2014 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 fluid and cursive, with the first name "Gary" being the most prominent.

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

September 28, 2016

**GROVE EMERGENCY MEDICAL SERVICE DISTRICT
STATUTORY REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

SCHEDULE OF FINDINGS AND RESPONSES

Finding 2014-02 – Bid Restricting and Noncompliance with State Statutes

Condition: During the audit period, the District solicited bids for two ambulances. The bid specifications were written in a restrictive manner that included a specific brand that could only be supplied by a single vendor. Additionally, the minutes reflected that the District received only one bid from a single vendor for each ambulance. The District awarded these bids to the vendor even though vendor's ambulances did not meet all the required specifications.

Cause of Condition: Policies and procedures have not been designed and implemented to ensure that expenditures are competitively bid in compliance with state statutes.

Effect of Condition: This condition resulted in noncompliance with state statute.

Recommendation: The Oklahoma State Auditor & Inspector's Office (OSAI) recommends that the District research items that are to be purchased and make every effort to obtain the best price for the County. Bids should be solicited for a product, not a brand-name product specific to a single vendor.

Management Response: All future bids solicitations by the District will include an "or equivalent" phrase after all brand names listed in the bid solicitations.

Criteria: Best business practices would include soliciting bids from vendors with the goal of obtaining quality goods and/or services for the best price.

Title 19 O.S. § 1723 requires "Purchases by any board of trustees of any emergency medical service district shall be made in accordance with the bidding requirements as provided in Sections 1501 and 1505 of this title."

Further, Title 19 O.S. § 1505(B) requires the counties to solicit bids, compare them to the state contract price for the items, and select "the lowest and best bid based upon, if applicable, the availability of material and transportation cost to the job site within 30 days," specifying the reason "any time the lowest bid was not considered to be the lowest and best bid."

Finding 2014-03 – Inadequate Internal Controls Over the Expenditure Process (Repeat Finding)

Condition: During fiscal year 2014, the minutes of the EMS District indicate the Board only met three (3) times to review the financial activity of the District and conduct District business. Based upon the review of the minutes and the expenditures process, the following was noted:

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- The Board does not have a written policy denoting the type of expenditures and the maximum individual expenditure limit that may be approved by a single designated approver and paid without prior Board approval.
- Board minutes reflect that most expenditures are approved for payment but only after payments have been made and paid checks are posted to the bank statements.
 - General and Capital Outlay account expenditures from July 1, 2013 through September 30, 2013 were not approved by the Board until October 22, 2013.
 - General account expenditures from October 1, 2013 through November 30, 2013 were not approved by the Board until December 17, 2013.
 - General account expenditures from December 1, 2013 through mid April 9, 2014 were not approved by the Board until April 29, 2014.
 - General account expenditures from April 29, 2014 through June 30, 2014 were not approved by the Board until September 23, 2014.
- Board approval was not noted for Capital Outlay expenditures issued from September 1, 2013 through June 30, 2014.
- Of the five (5) Capital Outlay account expenditures tested, one (1) did not have evidence of receiving signature verifying the accuracy of the invoice.
- Of the twenty-five (25) Operating account expenditures tested, two (2) did not have evidence of receiving signature verifying the accuracy of the invoice.
- The Board minutes do not reflect the detail of the expenditures and were approved only by the check number obtained from the bank statement.

Cause of Condition: Policies and procedures have not been designed and implemented to check completeness, authorization, and ensure adequate documentation is provided to support disbursements.

Effect of Condition: These conditions could result in inaccurate records, incomplete information or misappropriation of assets.

Recommendation: OSAI recommends the Board establish and approve written policies regarding expenditure approval and payment. Additionally, OSAI recommends all invoices, tickets and/or statements documenting the District's disbursements be signed by a Board member, taking responsibility for verifying the goods and/or services were received. Furthermore, OSAI recommends the Board minutes reflect the detail of the expenditures being approved to include the vendor, purchase order/claim number, purpose, and amount approved for payment.

Management Response: The District has a policy that the District's Clerk will verify all invoices and affix his signature on the invoice. It was determined that sometimes the District's Clerk signed/initialed a lead sheet that listed all the invoices but the lead sheet was not maintained in the District records. In the future, the District's Clerk will sign all invoices and not sign the lead sheet. The minutes only list the checks that were approved, but there was a transaction journal attached to the minutes that reflected the payee, date, invoice number, and amount. The minutes will reflect that a transaction journal is attached to the minutes supporting the bills approved.

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The District will establish a policy that allows the District's Clerk to pay recurring bills to a designated dollar amount and all other disbursements will require approval by the Board before payment.

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

An important 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.

Finding 2014-04 – Inadequate Internal Controls Over District Revenues and Bank Reconciliations

Condition: The duties of receiving, depositing, and reconciling appear to be adequately segregated among employees within the CPA Firm; however, there is no independent verification of revenue received or banking activity by the District Board. The members of the CPA Firm receive all revenue, deposit revenue at the bank, obtain the bank statements directly from the bank, prepare the bank reconciliations, present prepared reconciliations and bank statements to the Board, and prepare the financial statements and estimate of needs.

Cause of Condition: Policies and procedures have not been designed and implemented to ensure independent verification by the District Board for revenue received and banking activity.

Effect of Condition: These conditions could result in unrecorded transactions, misstated financial reports, clerical errors, or misappropriation of funds not being detected in a timely manner.

Recommendation: OSAI recommends management receive direct confirmation of all revenue remitted to the District and compare these confirmations with bank deposits. OSAI also recommends management receive bank statements directly from the bank or the bank's online website and use these statements to confirm the accuracy of bank reconciliations.

Management Response: The District's Clerk will start receiving a copy of the bank statements monthly directly from the bank and a copy of the bank reconciliation. After the District's Clerk receives the copy of the bank reconciliation, the Clerk will confirm property taxes collected with the Delaware County Treasurer through emails and compare the amounts to the bank statements and to the bank reconciliations. The Clerk will compare the checks listed on the bank statement to the payables list received when checks are signed and the bank reconciliation. On non-property tax deposits the Clerk will confirm as the Clerk deems necessary.

Criteria: Accountability and stewardship are overall goals of management in the accounting of funds. To help ensure a proper accounting of funds, internal controls should be designed to analyze and check accuracy, completeness, and authorization of transactions thus ensuring adequate Board oversight.

**GROVE EMERGENCY MEDICAL SERVICE DISTRICT
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An important 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.



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